

# 2014

Comprehensive Annual

# FINANCIAL REPORT







# Comprehensive Annual FINANCIAL REPORT

CITY OF CATHEDRAL CITY, CALIFORNIA | Year Ended June 30, 2014



Cathedral City

prepared by

FINANCE DEPARTMENT

Tami E. Scott, Administrative Services Director

available online at  
[www.cathedralcity.gov](http://www.cathedralcity.gov)

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# INTRODUCTION









**Department of Finance**

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December 8, 2014

Citizens of the City of Cathedral City,  
Honorable Mayor, and  
Honorable Members of City Council

State law requires the City of Cathedral City (City) to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Finance Department according to Municipal Code, Section 2.12.040. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lance, Soll, & Lunghard, LLP, a statewide firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended June 30, 2014. The independent auditor's report is presented as the first component of the financial section of this report.

## THE REPORT

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The CAFR is presented in three major sections:

- The **Introduction** section includes this letter of transmittal, identification of the City's principal officials, the City's organization chart, and the Government Finance Officers Association awards received by the City.
- The **Financial** section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, which include the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The **Statistical** section includes selected financial and demographic information, on a multi-year basis.

This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

This CAFR includes all funds of the City. The City provides the full range of municipal services as contemplated by statute. Services provided include police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, and general administrative support. The CAFR also includes the City's component units, which are legally separate organizations and for which the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City's financial statements to be incomplete were they not included.

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year. City Council adopted the biennial budget for fiscal years 2013/14 and 2014/15 on May 22, 2013.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity, but ensuring those adjustments do not exceed the amounts approved in the budget or any amending resolutions.

Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations.

In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's separately issued single audit report.



## CITY PROFILE

The City is a business and resort community located in the heart of the Coachella Valley in eastern Riverside County. Occupying a land area of approximately 24 square miles at an elevation of 400 feet above sea level, the City boasts an ideal climate of 350 sunny days a year. The City offers clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities. Bordered by Palm Springs to the west and Rancho Mirage to the east, it is the second largest city in the Coachella Valley, with an estimated population of 52,595 as of calendar year 2013.

In 1850 Colonel Henry Washington of the U.S. Army Corps of Engineers discovered the area's canyons and believed they resembled the interior of a grand cathedral thereby naming it Cathedral Canyon. In 1925, developers had the same impression, naming the area's first housing development Cathedral City. The City was incorporated on November 16, 1981.



The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the Mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting minute orders and resolutions (such as the budget), appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four year staggered terms, with two Council members elected every two years. The Mayor is elected to serve a two-year term.

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of a blended component unit: the Cathedral City Public Financing Authority. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the various department heads.

## ECONOMIC CONDITIONS

Sales tax is the City's lifeblood and accounted for over 52% of all tax revenues and 36% of all City General Fund revenues in fiscal year 2013/14. Although yet to rebound to pre-Great Recession levels, sales tax has shown steady increases as the national and local economies have continued to improve. From fiscal year 2008/09 to fiscal year 2013/14, sales tax has increased \$2.8 million, or 44.8%.

### CATHEDRAL CITY AUTO CENTER

Auto sales from the Cathedral City Auto Center continue to drive the City's sales tax revenues. Opening in 1989 with five dealerships, it has grown to include 14 dealerships and 20 new car franchises today. The Cathedral City Auto Center sells 54% of the Coachella Valley's new and used vehicles. Taxable sales for auto dealers and supplies have seen year over year increases of at least 9% since their low point in 2009. In calendar year 2013, taxable sales increased 17.6% over calendar year 2012. U.S. auto sales have been projected to continue their 9% - 10% increase based on consumers finding affordable interest rates and other incentives making it easier to buy a new car.



In November 2013, Volkswagen of Palm Springs celebrated its relocation to a new permanent home on East Palm Canyon Drive in the Cathedral City Auto Center. The new headquarters (photo above) has been described as a den of design, style and service.

Tesla Motors opened a new showroom and service center in the Cathedral City Auto Center in May 2014. Tesla's Model S (photo at left) received the World Car Awards 2013 World Green Car of the Year. The high-profile electric carmaker was founded in 2003 and is the youngest publicly-held U.S. carmaker, headquartered in Palo Alto. The new dealership created an additional 14 jobs in Cathedral City.

#### OTHER BUSINESS OPENINGS

New business openings generating additional sales taxes for the City include:

- Family Dollar opened two new stores in Cathedral City. The first location, on Date Palm Drive between Ramon Road and 30<sup>th</sup> Avenue, opened in late 2013. The second location, on Date Palm Drive between Dinah Shore Drive and Gerald Ford Drive, opened in July 2014. Family Dollar is a small-format convenience and value retailer offering customers a mix of quality name brand products they use every day.
- Harbor Freight Tools opened their second Coachella Valley store on Date Palm Drive in August 2014. Harbor Freight Tools provides working people with great quality tools at the lowest prices.
- In October 2014, Big 5 Sporting Goods will be opening a new store on Date Palm Drive in the former WalMart building. Big 5 Sporting Goods is one of America's top retailers of name brand sporting goods and accessories.
- In-Shape Health Club will be opening their first Coachella Valley club on Date Palm Drive in the former Albertson's building at Mission Plaza Shopping Center. The facility will feature a heated indoor pool, dozens of free group classes, state-of-the-art cardio and weight equipment, extensive childcare facility for kids 6 months – 12 years, functional training equipment including TRX, their trademarked 29-Minute Circuit® express workout, 2



separate group exercise studios, sauna and certified personal trainers. The club's opening is anticipated for early 2015.

## HOUSING

Cathedral City, having incorporated in 1981, is considered a post-Proposition 13 city. What this means is that since the City did not have a separate property tax rate prior to the voter enactment of Proposition 13, the City cannot impose one without a vote of the citizens. Therefore, additional property tax revenues generated by development projects within the city, but not within the boundaries of the former redevelopment agency, are not remitted to the City's General Fund. Instead, the taxes are remitted to other taxing agencies such as Riverside County, school districts, and special districts. As a result, the City's General Fund generally receives less than \$2 million, or 5%, of its total revenue from property tax on an annual basis.

In the Coachella Valley, developers have recently been building out the almost 6,100 lots at large master planned and golf course communities, many of which were abandoned during the Great Recession. Although the local housing market hasn't returned to normal yet, the increase in new homes and the decline in REOs (real estate owned, typically by a lender) demonstrate that the housing market is transitioning back to a more healthy market. Although additional housing units would increase the amount of property tax the City receives, it would have a greater impact on the City's sales tax revenues. New construction generally is a strong economic driver because growth in that sector generally affects other industries, such as retail, wholesale trade and transportation services.



New housing projects within the city currently in the development stage include:

- Desert Princess Homes at Desert Princess Country Club – 119 single-family home sites located at the Desert Princess Country Club (photo above).
- Desert Bloom Villas – 98 single-family home sites located on 30<sup>th</sup> Avenue, south of 30<sup>th</sup> Avenue and west of Landau Boulevard.
- Ramon 14 – 110 single-family home sites located on Ramon Road east of the Stater Brothers Shopping Center.
- Stanton Place – 17 single-family home sites located in the Landau Manor community (near Landau Boulevard and McCallum Way).
- Tesoro – 22 single-family home sites located on East Palm Canyon Drive near Bankside Drive.
- The District – 47 single-family home sites located at Cree Road and Jones Road on the former Marie's Mobile Home Park site.

## LONG-TERM FINANCIAL PLANNING

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Although the City continued to recover from the Great Recession of 2007 during the current year, it was necessary for the City to take actions to minimize the impact to the City's ability to provide vital community services should the economy ever take another significant downturn in the future.

### TRANSACTIONS AND USE TAX

The first action taken was to secure the extension of Measure H, the transaction and use tax that was originally approved by voters in 2010 by a 57.4% to 42.6% margin. Measure H was a one cent transactions (sales) and use tax to offset the impact of severe state budget cuts on essential services; address Cathedral City's Fiscal Emergency; prevent drastic cuts to police officers, firefighters, paramedics and ambulance response, 9-1-1 emergency dispatch, safety equipment for police officers and firefighters, anti-gang/anti-drug programs; and preserve other general City services. Measure H had a five-year sunset period set to expire September 30, 2015.

To address the approaching expiration date and the potential loss of almost \$5 million annually in revenues, Measure B was put on the ballot in June 2014. This ballot measure would extend the existing voter-approved one cent sales tax with no rate increase to maintain fiscal stability, address state takeaways and prevent cuts to vital services by retaining police, firefighters, paramedics/emergency dispatch operators; maintaining 911 emergency/ambulance response; funding graffiti removal, pothole/street repair, senior programs, after school, anti-drug/anti-gang and other general services. Measure B would extend the one cent sales tax for an indefinite period of time. Voters approved Measure B by a 66.4% to 33.6% margin.

With fiscal year 2013/14 being the last year the City was to receive the Creekside/Heritage special assessments, it was vital to secure the transactions and use tax as an ongoing revenue source into the future.

### FUND BALANCE POLICY

The second action to be taken was related to the fund balance policy for the General Fund. The current fund balance policy was fairly broad in that the City would strive to maintain unassigned fund balance of between 15% and 30% of the budgeted operational expenditures. However, the policy did not address specifically putting aside amounts for 'rainy days'. As such, Finance Department staff began working on solutions to address this issue.

After several meetings, Finance Department staff concluded the City needed to specifically assign amounts for cash flows, economic uncertainties and budget-related shortfalls and eliminate the ranged percentages related to unassigned fund balance. As such, the fund balance policy section "Authorization and Action to Assign Fund Balance," was amended to include the following:

Of the available fund balance, the City will strive to assign a minimum of 33% of budgeted expenditures and transfers out, with a target of 50% by fiscal year 2020, for the following purposes: (1) cash flow reserves (50%); (2) economic uncertainties (40%); and (3) budget-related reserves (10%). These assignments are to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens.

The amended fund balance policy was presented to City Council on September 10, 2014, whereby it was approved. This policy will go into effect for the fiscal year 2014/15 CAFR.

## AWARDS AND ACKNOWLEDGEMENTS

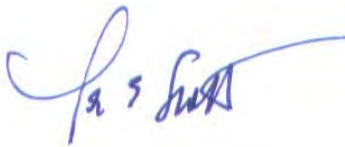
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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the ninth consecutive year the City has achieved this prestigious national award. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe this fiscal year 2013/14 CAFR continues to conform to the Certificate of Achievement program requirements, and will submit it to the GFOA to determine its eligibility for another certificate.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its biennial budget for the two-year period beginning July 1, 2013. To qualify for this award, the governmental unit must publish a budget that meets program criteria as a policy document, an operations guide, as a financial plan, and as a communications device.

The preparation of this CAFR could not have been accomplished without the skill, effort and dedication of the entire staff of the Finance Department. Other City departments were also instrumental in providing the data necessary to prepare this report. Their cooperation and continued assistance is necessary and appreciated. Credit also must be given to the mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances. Finally, I also want to acknowledge the thorough and professional manner in which our independent auditors, Lance, Soll & Lunghard, LLP, conducted their audit.

Respectfully submitted,



Tami E. Scott  
Administrative Services Director



## CITY COUNCIL



Kathleen DeRosa

Mayor



Charles Vasquez

Mayor Pro Tem



Greg Pettis

Council Member



Sam Toles

Council Member



Stan Henry

Council Member

**OTHER ELECTED OFFICIALS**

City Clerk Gary F. Howell

City Treasurer Henry Chan

**ADMINISTRATIVE OFFICIALS**

City Manager Charles McClendon

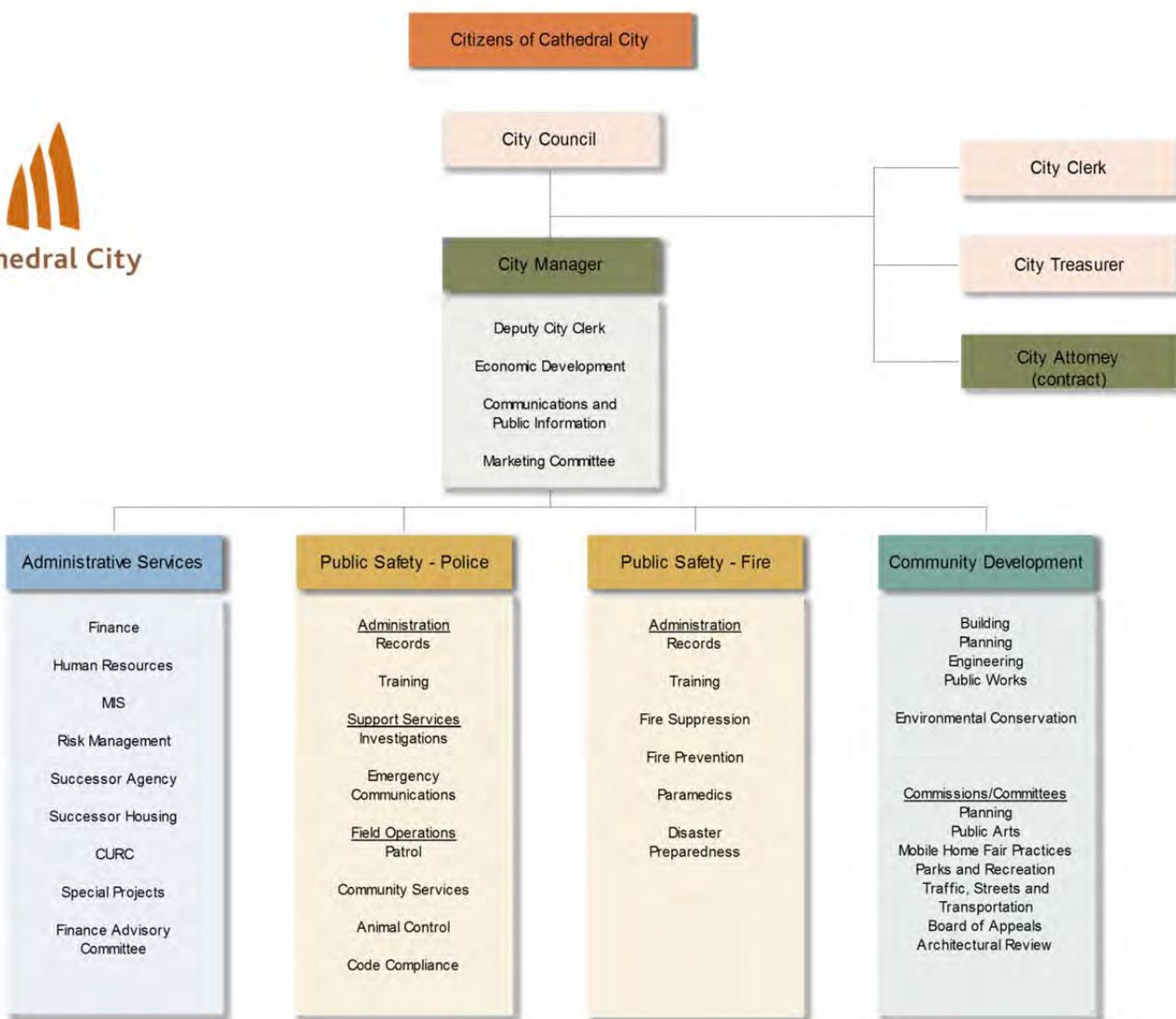
City Attorney Charles Green (Green de Bortnowsky, LLP)

Administrative Services Director Tami E. Scott

Community Development Director Pat Milos

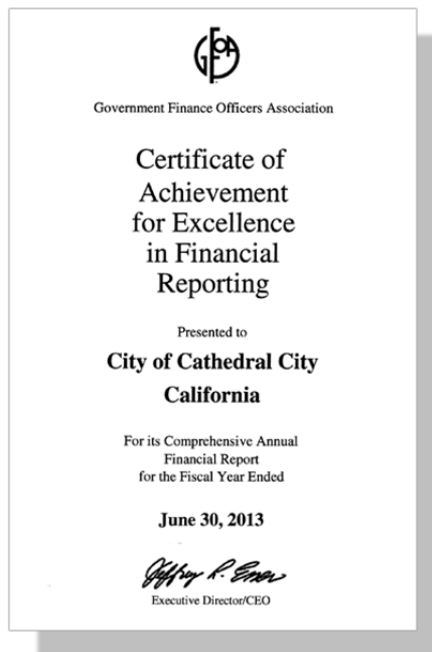
Police Chief Kevin H. Conner

Fire Chief Robert Van Nortrick





## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cathedral City for its comprehensive annual financial report for the fiscal year ended June 30, 2013.

The Certificate of Achievement for Excellence in Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded the certificate, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Certificate of Achievement for Excellence in Financial Reporting award is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting requirements and we are submitting it to GFOA for their consideration.

## DISTINGUISHED BUDGET PRESENTATION AWARD



The GFOA presented a Distinguished Budget Presentation Award to the City of Cathedral City for its biennial budget for the biennium beginning July 1, 2013. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be fully informed participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high quality budget document.

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# FINANCIAL









- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA
- Gary A. Cates, CPA
- Michael D. Mangold, CPA
- David S. Myers, CPA

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Cathedral City, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.





To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, for the General Fund and Major Special Revenue funds and Schedules of Funding Progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.





To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Lance, Soll & Luyhard, LLP*

Brea, California  
November 24, 2014

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# MANAGEMENT'S DISCUSSION AND ANALYSIS







As management of the City of Cathedral City ("City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. The focus of the information presented here is on the primary government.

## FINANCIAL HIGHLIGHTS

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- The City's assets exceeded its liabilities at the close of the fiscal year by \$2,680,056 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was -\$150,840,142 at year end.
- The City's net position increased by \$9,874,640, or 137.5%, from the restated beginning net position as a result of (1) increases in grant reimbursements from federal, state and local sources, (2) contributions received from other governments (Successor Agency) in the form of bond monies, (3) sales tax, and (4) transactions and use tax. In addition, total expenses decreased slightly from the prior year.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$74,212,194, an increase of \$11,520,122 from the prior year. A total of \$10,605,594, or 14.3%, of the fund balance (unassigned fund balance) is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund (Fund 100) was \$10,461,678, which represents 32.7% of General Fund (Fund 100) expenditures, including transfers out.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information, which is intended to furnish additional detail to support the basic financial statements themselves.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Other nonfinancial factors, such as changes in the City's property tax base, the condition of its roads, etc. need to be taken into account when assessing the overall health of the City.

Governmental activities report the City's basic services, which include general government, community development, culture and recreation, public safety, and public works. These activities are generally supported by taxes and intergovernmental revenues.

Business-type activities report activities that are intended to recover all or a significant portion of their costs through user fees and charges. The City does not report any business-type activity.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. The Cathedral City Public Financing Authority is a legally separate component unit. This component unit, while legally separate from the City, provides services entirely or almost exclusively for the benefit of the City even though it does not provide services directly. Although legally separate from the City, financial information for this component unit is blended with the City because of its exercise of authority and its financial relationships with the City.

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements are designed to report information about these groupings of related accounts. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditure, and changes in fund balances for the General Fund, two special revenue funds (Developer Fees and Successor to Housing Agency), a debt service fund (Public Financing Authority) and three capital projects funds (Areawide Capital Projects, 2002 D TAB Housing Bonds, and 2002 E TAB Housing Bonds). These funds are considered to be major funds. Data from the remaining governmental funds are considered to be nonmajor funds and are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopted a biennial appropriated budget prepared on the modified accrual basis of accounting for fiscal years 2013/14 and 2014/15. Appropriated funds included the General Fund and special revenue funds. Budgetary comparison schedules have been provided in the required supplementary information for the General Fund and major special revenue funds to demonstrate compliance with the budget in accordance with U.S. GAAP.

**Proprietary funds** are comprised of enterprise funds and internal service funds. Enterprise funds are the same as the business-type activities that would be reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The City does not report any enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various



functions. The City currently reports the following internal service funds: Equipment Replacement, Insurance, Technology and Facilities. The internal service funds provide services that predominantly benefit governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The four internal service funds are combined into a single, aggregated presentation. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds** are used to account for resources held by the City on the behalf of outside parties, including other governments. The City utilizes two different types of fiduciary funds: private-purpose trust funds and agency funds. The private-purpose trust funds are used to report resources held in trust to pay enforceable obligations of the former redevelopment agency. The agency funds report resources held by the City in a custodial capacity for special assessment district resources to pay debt service.

Fiduciary funds are not reported in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The **notes to basic financial statements** provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements supplementary information referred to earlier in connection with nonmajor funds, internal service funds, and fiduciary funds are presented immediately following the budgetary comparison required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2,680,056 at the close of the most recent fiscal year.

A portion of the City's net position, -\$150,840,142, is unrestricted and if positive, could be used to meet the City's ongoing financial obligations. This portion represents resources that are not restricted by external requirements or invested in capital assets.

Net position of \$95,320,705 includes investment in capital assets (e.g., land, buildings, structures, infrastructure, vehicles, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net positions of the City also include \$58,199,493 of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

**Table 1** on the following page summarizes the City's net position (dollars in thousands) as of June 30, 2014 and 2013.

**Table 1****Net Position**

(dollars in thousands)

	<b>Primary Government Governmental Activities</b>		
	<b>2014</b>	<b>2013*</b>	<b>Change</b>
Current and other assets	\$ 95,773	87,133	8,640
Capital assets	<u>154,374</u>	<u>156,345</u>	<u>(1,971)</u>
<b>Total assets</b>	<b>250,147</b>	<b>243,478</b>	<b>6,669</b>
Noncurrent liabilities	239,362	233,803	5,559
Other liabilities	<u>8,105</u>	<u>16,870</u>	<u>(8,765)</u>
<b>Total liabilities</b>	<b>247,467</b>	<b>250,673</b>	<b>(3,206)</b>
Net investment in capital assets	95,321	95,020	301
Restricted	58,199	51,100	7,099
Unrestricted (deficit)	<u>(150,840)</u>	<u>(153,315)</u>	<u>2,475</u>
<b>Total net position</b>	<b>\$ 2,680</b>	<b>(7,195)</b>	<b>9,875</b>

\* as restated

**Table 2** summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2014 and 2013.

**Table 2****Changes in Net Position**

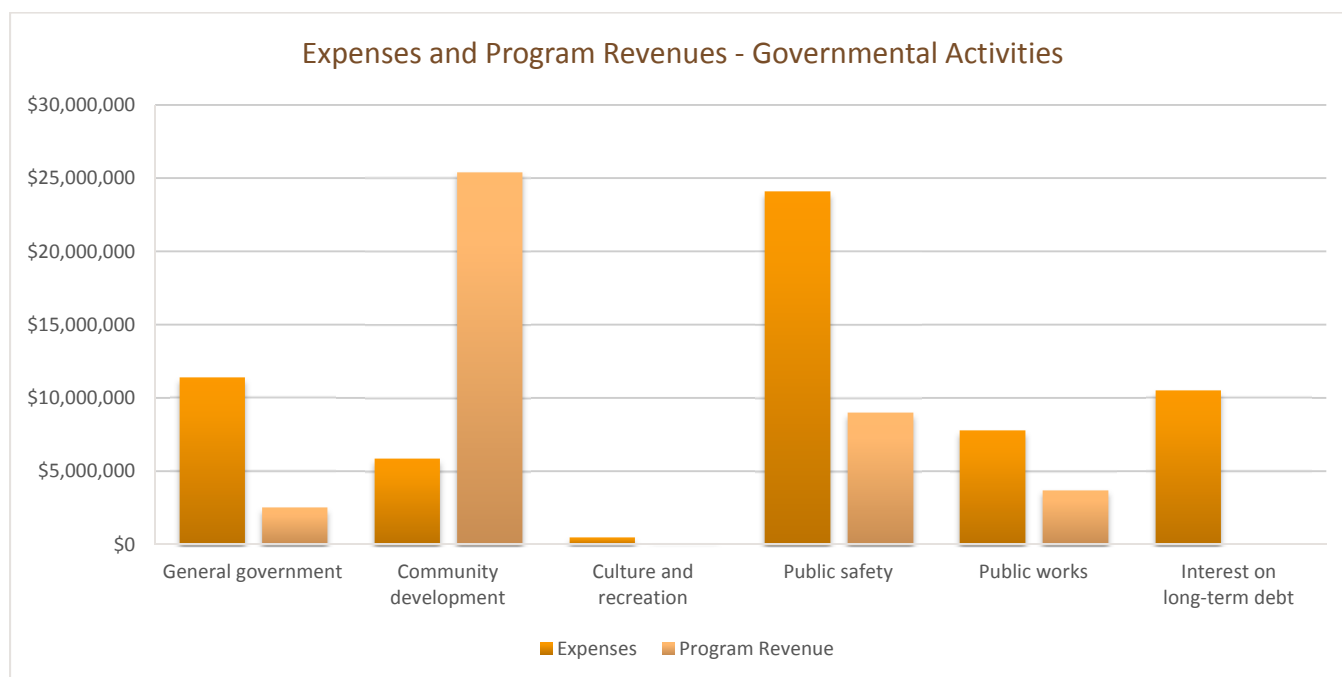
(dollars in thousands)

	<b>Primary Government Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Program revenues:			
Charges for services	\$ 12,101	9,859	2,242
Operating grants and contributions	18,598	8,110	10,488
Capital grants and contributions	10,052	4,330	5,722
General revenues:			
Taxes:			
Franchise tax	1,980	1,881	99
Property tax	5,398	5,450	( 52)
Sales tax	8,929	7,823	1,106
Transaction and use tax	4,911	4,725	186
Transient occupancy/timeshare developer	1,883	1,644	239
Utility users tax	2,763	2,802	( 39)
Investment and interest income	2,953	2,620	333
Other revenue	<u>461</u>	<u>791</u>	<u>( 330)</u>
<b>Total revenues</b>	<b>70,029</b>	<b>50,035</b>	<b>19,994</b>
Expenses:			
General government	11,340	8,827	2,513
Community development	5,906	9,474	(3,568)
Culture and recreation	524	562	( 38)
Public safety	24,083	23,110	973
Public works	7,804	7,581	223
Interest on long-term debt	<u>10,497</u>	<u>10,755</u>	<u>( 258)</u>
<b>Total expenses</b>	<b>60,154</b>	<b>60,309</b>	<b>( 155)</b>
Change in net position before extraordinary item	9,875	(10,274)	20,149
Extraordinary item:			
Loss on redevelopment agency dissolution	<u>-</u>	<u>(2,567)</u>	<u>2,567</u>
<b>Change in net position</b>	<b>9,875</b>	<b>(12,841)</b>	<b>22,716</b>
Net position – July 1, as previously reported	(7,179)	5,662	(12,841)
Correction of an error	<u>(16)</u>	<u>-</u>	<u>( 16)</u>
Net position – July 1, as restated	<u>(7,195)</u>	<u>5,662</u>	<u>(12,857)</u>
<b>Net position – June 30</b>	<b>\$ 2,680</b>	<b>(7,179)</b>	<b>9,859</b>

Governmental activities increased the City's net position by \$9,874,640 for the fiscal year ended June 30, 2014. Key elements of the increase are as follows:

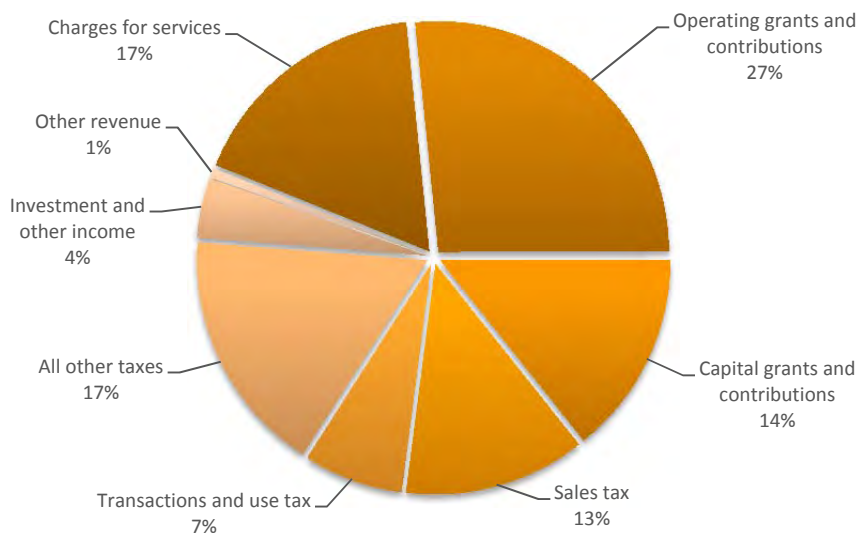
- Charges for services increased by \$2,241,978, or 22.7%, mainly as a result of the increase in the Creekside/Heritage Park payments over the prior year. Fiscal year 2013/14 was the last year the City will receive these payments.
- Operating grants and contributions increased \$10,488,058 and capital grants and contributions increased \$5,722,925 over the prior year. Contributing to the overall increases was an increase in grant reimbursements from federal, state and local sources. In addition, contributions from other governments increased as a result of the Successor Agency transferring bond monies for projects authorized by the California Department of Finance on the July through December 2013 and January through June 2014 Recognized Obligation Payment Schedule (ROPS).
- Sales tax and the related transactions and use tax accounted for 53.5% of all tax revenues and 19.8% of all governmental activities' revenues. These revenues totaled \$13,840,230 for the fiscal year and were up \$1,292,278 (10.3%) compared to fiscal year 2012/13, reflecting a moderate growth in the local economy.
- Total expenses decreased by \$155,122 (0.3%) primarily due to the cost reduction and containment measures implemented during the last budget process.

General government expenses in fiscal year 2013/14 were \$11,340,126 (18.9%) of total expenses. Public safety expenses were \$24,082,572 (40.0%) of total expenses. Interest on long-term debt was \$10,497,254 (17.4%) of total expenses. The remainder of the governmental activities expenses is comprised of public works with \$7,804,101 (13.0%), community development with \$5,905,890 (9.8%), and culture and recreation with \$524,027 (0.9%).

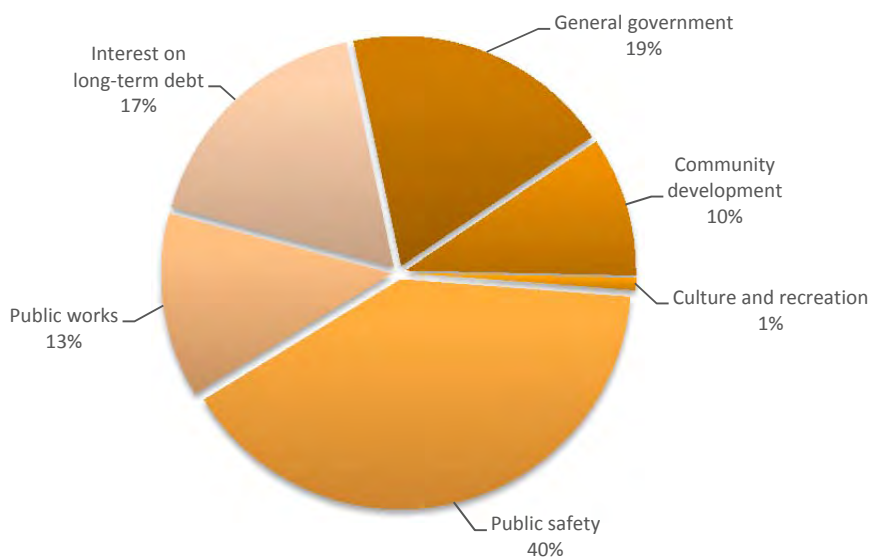




Revenues by Source - Governmental Activities



Expenses by Function - Governmental Activities



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the City of Cathedral City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

As of June 30, 2014, the City's governmental funds reported combining fund balances of \$74,212,194, an increase of \$11,520,122 in comparison with the prior year. Approximately 14.3% or \$10,605,594 of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. For reporting purposes, the General Fund consists of three individual funds: the General Fund (Fund 100) and two special revenue funds that do not qualify to be reported as such. As of June 30, 2014, unassigned fund balance of the General Fund (Fund 100) was \$10,461,678 while total fund balance was \$14,741,855. As a measure of the General Fund's (Fund 100) liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.7% of total General Fund (Fund 100) expenditures, including transfers out, of \$32,027,398, while total fund balance represents 46.0% of the same amount.

The total fund balance of the City's General Fund (Fund 100) increased by \$4,653,760, or 46.1%, during the year ended June 30, 2014. This is a result of the City's continuing recovery of revenues following the most recent recession and the substantial increase from the prior year related to the final payment of the Creekside/Heritage Park special assessments.

Almost every revenue source increased in fiscal year 2013/14 due to continuing economic recovery. Total General Fund (Fund 100) revenues, including transfers in and debt proceeds related to the capital lease, of \$36,681,158 increased by \$2,805,449, or 8.3%. Certain revenues in the General Fund (Fund 100) that changed significantly from fiscal year 2012/13 to 2013/14 include:

- Special assessments increased by \$1,712,749, or 48.3%, mainly as a result of the increase in the Creekside/Heritage Park payments over the prior year. Fiscal year 2013/14 was the last year the City will receive these payments.
- Taxes in general increased \$1,194,343 over the previous year as a result of the continued economic recovery. Specifically, sales and use taxes increased by \$756,381 while the transaction and use tax increased \$186,469 over the previous year as taxable sales increased 9.4% from calendar year 2012 to calendar year 2013. Auto dealers and suppliers, which have always been the largest sector of the City's economy, had a taxable sales increase of over \$56 million, or 17.6%, from calendar year 2012 to calendar year 2013. Finally, the transient occupancy tax and time share developer fees increased \$238,724 from the previous year.
- The remaining components of revenue (intergovernmental, licenses and permits, fines and forfeitures, charges for services, contributions from other governments, use of money and property and other revenue) did not change significantly from the prior year.

Overall, General Fund (Fund 100) expenditures, including transfers out, increased by \$959,138, or 3.1%, from the previous fiscal year. The reason for the net increase was a \$1,800,000 payment made to the Insurance internal service fund to be used towards paying off the public safety employees' pension plans' side funds. Otherwise, day-to-day expenditures would have decreased.

The other major governmental funds include Developer Fees, Successor Housing Agency, Public Financing Authority, Areawide Capital Projects, Successor Housing Agency 2002 D TAB and Successor Housing Agency 2002 E TAB.

The **Developer Fees** special revenue fund had a total fund balance of \$32,761. This amounts to a net increase in fund balance of \$13,773 during the current year. The net increase was the result of the general plan maintenance fees received and interest income. There were no expenditures that utilized these monies during the current year.

The **Successor Housing Agency** special revenue fund had a total fund balance of \$9,346,526. This amounts to a net increase in fund balance of \$80,677 during the current year. Revenues increased \$47,457 to \$194,180 while expenditures increased \$77,571 to \$113,503 in the current year.

Contributing to the fund's net increase was an increase in reimbursements received from the Community Housing Improvement Program (CHIP), Assessment District Fee Assistance Program (ADFAP) and Sewer Hookup Assistance Redevelopment Program (SHARP) over the previous year. Expenditures increased as this was the first year that all personnel-related expenditures were charged directly to this fund. In the prior year these costs were charged to the Community Development function in the General Fund. In addition, professional services/legal fees increased for costs related to the long-range property management plan preparation.

The **Public Financing Authority** debt service fund had a total fund balance of \$6,146,514. This amounts to a net decrease in fund balance of \$183,983 during the current year. Revenues increased \$10,173,454 to \$15,289,153 while expenditures decreased \$7,751 to \$15,590,718. The significant increase in revenues was mainly attributable to a timing difference. The Redevelopment Obligation Retirement fund (a private-purpose trust fund) contributed the monies received in June 2012 from the County for the July through December 2012 ROPS in June 2012.

The **Areawide Capital Projects** capital projects fund had a total fund balance of \$7,526,101. This amounts to a net increase in fund balance of \$2,539,522 during the current year. Revenues increased \$2,681,461 to \$7,797,160 while expenditures increased \$508,028 to \$5,257,638. In addition, net transfers decreased \$283,525 to \$0.

Contributing to the fund's net increase was an increase in grant reimbursements from federal, state and local sources (intergovernmental revenue). In addition, contributions from other governments increased as a result of the Successor Agency transferring bond monies for projects authorized by the California Department of Finance on the July through December 2013 and January through June 2014 ROPS. Finally, other revenues increased as the Transportation Uniform Mitigation Fee (TUMF) was recorded in the Areawide Capital Projects fund beginning in fiscal year 2013/14. It had previously been recorded in the General Fund. Expenditures increased mainly as the result of the Eagle Canyon Dam project. Finally, net transfers decreased during fiscal year 2013/14 as there were no project cost reconciliations that required adjustments between funds.

The **Successor Housing Agency 2002 D TAB** capital projects fund had a total fund balance of \$2,087,402. This amounts to a net increase in fund balance of \$5,450 during the current year. The increase was attributable to interest earned during the year.

The **Successor Housing Agency 2002 E TAB** capital projects fund had a total fund balance of \$9,105,454. This amounts to a net increase in fund balance of \$9,997 during the current year. The increase was attributable to interest earned during the year.

#### PROPRIETARY FUNDS

The City's proprietary funds (internal service funds) provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of all internal service funds decreased \$1,087,733 to \$13,872,160 during the fiscal year. Revenues increased \$1,394,353 to \$9,582,236, while expenditures increased \$3,562,590 to \$10,814,501. The net increase in revenues was mainly attributable to an increase in charges for PERS for the payoff of the public safety pension plans' side funds and a decrease in charges for property/liability insurance. The net increase in expenditures was generally attributable to the increase in PERS contributions as mentioned previously and a reduction in workers compensation costs.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund (Fund 100) original budget and the final amended budget include revisions to projected expenditures.

Original expenditure estimates for fiscal year 2013/14, prepared in the spring of 2013, were based on anticipated outflows of resources at that time. Expenditures were increased \$2,213,279 to \$32,003,263 for the fiscal year ended June 30, 2014. Major revisions included:

- Increased the non-departmental budget by \$1,800,000 for additional charges related to PERS (Public Employees Retirement System) for the payoff of the public safety pension plans' side funds.
- Increased the Marketing budget by \$119,500 for costs related to completing a community survey regarding the extension of the transaction and use tax, and sponsorship of various community activities, such as the Interfusion Music Summit and Shorty's Rib Fest.
- Increased the City Clerk budget by \$64,589 for additional costs related to the hiring of a full-time Deputy City Clerk.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph. As the national economy has slowly improved over the last several years, the local economy has shown steady growth since 2010, specifically in the area of sales tax and the related transactions and use tax, the City's largest revenue sources.

Actual General Fund (Fund 100) revenues, including transfers in, were \$2,122,307 higher than the final budget for fiscal year 2013/14, or 6.2%, primarily due to most revenues performing better than anticipated. The only revenue category that did not achieve budget projections was fines and forfeitures, which fell short by \$134,947 as a result of a decrease in citation revenues being collected. Actual costs were slightly lower than the final amended budget for expenditures, including transfers out. The difference was approximately \$200,000, or 0.6%.

## CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

### CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2014, were \$154,373,769 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type at June 30, 2014 and 2013 are summarized in **Table 3** (dollars in thousands).



**Table 3**  
**Capital Assets**  
(dollars in thousands)

	Primary Government		
	Governmental Activities		
	2014	2013*	Change
Land	\$ 24,049	24,049	-
Construction in progress	4,567	5,026	( 459)
Buildings and improvements	11,056	11,903	( 847)
Structures and improvements	4,358	4,835	( 477)
Vehicles, furniture and equipment	3,376	3,184	192
Infrastructure	106,960	107,364	( 404)
Intangibles	8	15	( 7)
<b>Total</b>	<b>\$ 154,374</b>	<b>156,376</b>	<b>\$ (2,002)</b>

\* as restated

Major capital asset activity for the year ended June 30, 2014, included the following:

- Ramon Road West road improvements (infrastructure) – \$4,400,254
- 2014 Pierce pumper fire truck (vehicles) – \$540,073
- Date Palm Bridge @ Whitewater River (construction in progress) – \$499,242
- Cathedral Canyon Bridge Whitewater River Low Flow Crossing (construction in progress) – \$281,667
- 2013 Ford Leader ambulances (vehicles) – \$230,576
- 2014 Ford F150 Code Compliance trucks (vehicles) – \$144,865
- Disposition of various police/fire vehicles (vehicles) – (\$405,401)

Additional information on the City's capital asset activity for the year can be found in **Note III-D** in the notes to basic financial statements.

## LONG-TERM DEBT

The City had total long-term debt of \$239,362,504 outstanding as of June 30, 2014. Of this amount, \$207,473,718 was capital improvements related (bonds and capital leases), \$29,543,831 was employee related (compensated absences and other postemployment benefits), and \$2,344,955 was risk management related (claims and judgments).

In September 2013, Standard & Poor's Ratings Services (S&P) revised the outlook from 'negative' to 'stable' and affirmed its BBB- long-term rating on the Cathedral City Public Financing Authority's senior tax allocation bonds. This encompassed the 2000 Series A, 2002 Series A, 2004 Series A, 2005 Series A, 2007 Series A, and 2007 Series B tax allocation bonds. However, Moody's Investors Services downgraded the 2007 Series A and B tax allocation bonds from Ba1 to Ba3 during the same period.

Also in September 2013, S&P revised its outlook to 'stable' from 'negative' and affirmed its A long-term rating on the 2002 Series D and E housing bonds.

In January 2014, the City entered into a new 5-year capital lease agreement with Dell Financial Services for the lease/purchase of new server infrastructure valued at \$136,850.

Outstanding long-term debt at June 30, 2014, and 2013, is summarized in **Table 4** (dollars in thousands) below. Additional information on the City's long-term debt for the year can be found **Note III-E** and **Note III-F** in the notes to the basic financial statements.

**Table 4****Long-Term Debt**

(dollars in thousands)

	Note Reference	Primary Government Governmental Activities		Change
		2014	2013	
Lease revenue bonds	III-F.1, III-F.4	\$ 4,245	4,410	( 165)
Tax allocation bonds	III-F.2, III-F.4	198,143	203,154	(5,011)
Limited obligation bonds	III-F.3, III-F.4	3,385	3,635	( 250)
Capital leases	III-E, III-F.4	1,701	1,913	( 212)
Compensated absences	I-E.13, III-F.4	2,809	2,509	300
Other postemployment benefits	III-F.4, IV-C	26,735	22,985	3,750
Claims and judgments	III-F.4, IV-A	2,345	3,495	(1,150)
<b>Total</b>		<b>\$ 239,363</b>	<b>242,101</b>	<b>\$ (2,738)</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adopted fiscal year 2014/15 budget for the General Fund (Fund 100) assumed modest growth in the local economy for ongoing revenues. These ongoing revenues, including transfers in, are projected to be \$29,655,424, which is an increase of \$488,464, or 1.7%. However, this is a \$5,255,041, or 18.0%, reduction from the fiscal year 2013/14 budget because the special assessments from Creekside/Heritage Park have ended.

Expenditures are projected to outpace revenues in fiscal year 2014/15 by \$1,277,656. At the time of budget adoption, reserve funds were approved to be used to cover the projected shortfall. Although it is anticipated that fund balance will decrease during fiscal year 2014/15, the City remains committed to growing General Fund reserves to an appropriate level.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the City of Cathedral City, Finance Department, 68-700 Avenida Lalo Guerrero, Cathedral City, CA 92234. The report is available online at [www.cathedralcity.gov](http://www.cathedralcity.gov).

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# BASIC FINANCIAL STATEMENTS







## Statement of Net Position

June 30, 2014

	Primary Government Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 54,773,569
Receivables:	
Interest	56,886
Accounts	5,461,348
Loans	16,828,274
Deposits	1,483,893
Prepays	833,648
Inventories	37,451
Investments held in trust	3,388,191
Restricted cash and investments	5,104,318
Capital assets:	
Not being depreciated	28,616,554
Being depreciated, net	125,757,215
Assets held for disposition	7,805,927
<b>Total Assets</b>	<b>250,147,274</b>
<b>Liabilities</b>	
Accounts payable	1,966,574
Intergovernmental payable	10,140
Interest payable	4,251,474
Unearned revenue	1,235,596
Deposits	640,930
Noncurrent liabilities:	
Due within one year	8,853,881
Due in more than one year	230,508,623
<b>Total Liabilities</b>	<b>247,467,218</b>
<b>Net Position</b>	
Net investment in capital assets	95,320,705
Restricted for:	
Capital projects	21,649,495
Community development	24,023,368
Debt service	7,384,080
Other purposes	5,142,550
Unrestricted	(150,840,142)
<b>Total Net Position</b>	<b>\$ 2,680,056</b>

See accompanying notes to basic financial statements.



**Statement of Activities**

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 11,340,126	2,273,457	259,568	-
Community development	5,905,890	590,181	15,215,588	9,621,934
Culture and recreation	524,027	-	-	30,333
Public safety	24,082,572	8,478,857	139,763	400,139
Public works	7,804,101	758,839	2,982,652	-
Interest on long-term debt	10,497,254	-	-	-
<b>Total Governmental Activities</b>	<b>60,153,970</b>	<b>12,101,334</b>	<b>18,597,571</b>	<b>10,052,406</b>
<b>Total Primary Government</b>	<b>\$ 60,153,970</b>	<b>12,101,334</b>	<b>18,597,571</b>	<b>10,052,406</b>

**General Revenues:**

## Taxes:

Franchise tax

Property tax

Sales tax

Transactions and use tax

Transient occupancy/timeshare developer

Utility users tax

Investment and interest income

Other revenue

**Total General Revenues**

Change in net position

Net position — July 1, as previously reported

Correction of an error

Net position — July 1, as restated

**Net position — June 30***See accompanying notes to basic financial statements.*

**Net (Expense)  
Revenue and  
Changes in  
Net Position**

**Primary  
Government**

**Governmental  
Activities**

(8,807,101)  
19,521,813  
(493,694)  
(15,063,813)  
(4,062,610)  
(10,497,254)  
**(19,402,659)**  
  
**(19,402,659)**

1,979,796  
5,398,225  
8,928,687  
4,911,543  
1,882,652  
2,763,088  
2,952,751  
460,557  
**29,277,299**

9,874,640

(7,179,182)  
(15,402)  
(7,194,584)

**\$ 2,680,056**

**Functions/Programs**

**Primary Government**

Governmental Activities:

General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Interest on long-term debt

**Total Governmental Activities**

**Total Primary Government**

**General Revenues:**

Taxes:

Franchise tax  
Property tax  
Sales tax  
Transactions and use tax  
Transient occupancy/timeshare developer  
Utility users tax

Investment and interest income

Other revenue

**Total General Revenues**

Change in net position

Net position — July 1, as previously reported

Correction of an error

Net position — July 1, as restated

**Net position — June 30**

**Balance Sheet — Governmental Funds**

June 30, 2014

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Assets</b>				
Cash and investments	\$ 14,533,202	1,218,097	240,573	17,152
Receivables:				
Interest	16,387	1,369	270	19
Accounts	3,685,055	-	-	-
Loans	3,659,614	-	6,030,392	-
Interfund receivable	519	-	-	-
Prepaid assets	28,262	-	-	-
Investments held in trust	-	-	-	3,388,191
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	2,741,152
Assets held for disposition	-	-	3,423,673	-
<b>Total Assets</b>	<b>\$ 21,923,039</b>	<b>1,219,466</b>	<b>9,694,908</b>	<b>6,146,514</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,122,982	4	3,098	-
Intergovernmental payable	-	-	-	-
Deposits from others	640,930	-	-	-
Interfund payable	271,311	-	-	-
Unearned revenue	47,084	1,186,701	500	-
<b>Total Liabilities</b>	<b>2,082,307</b>	<b>1,186,705</b>	<b>3,598</b>	<b>-</b>
Deferred Inflows of Resources:				
Unavailable revenue	853,222	-	344,784	-
<b>Total Deferred Inflows of Resources</b>	<b>853,222</b>	<b>-</b>	<b>344,784</b>	<b>-</b>
Fund Balances:				
Nonspendable	28,262	-	-	-
Restricted	3,709,614	32,761	9,346,526	6,146,514
Assigned	4,644,040	-	-	-
Unassigned	10,605,594	-	-	-
<b>Total Fund Balances</b>	<b>18,987,510</b>	<b>32,761</b>	<b>9,346,526</b>	<b>6,146,514</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 21,923,039</b>	<b>1,219,466</b>	<b>9,694,908</b>	<b>6,146,514</b>

See accompanying notes to basic financial statements.



Capital Projects				
Areawide Capital Projects	Successor Housing Agency 2002 D TAB	Successor Housing Agency 2002 E TAB	Nonmajor Funds	
7,931,880	688,640	20,304	18,084,359	<b>Assets</b>
				Cash and investments
				Receivables:
8,911	774	23	15,602	Interest
763,980	-	-	735,267	Accounts
-	-	7,138,268	-	Loans
-	271,311	-	-	Interfund receivable
-	-	-	-	Prepaid assets
-	-	-	-	Investments held in trust
				Restricted assets:
-	-	-	2,363,166	Cash and investments with fiscal agent
-	1,127,127	3,255,127	-	Assets held for disposition
<b>8,704,771</b>	<b>2,087,852</b>	<b>10,413,722</b>	<b>21,198,394</b>	<b>Total Assets</b>
				<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>
				Liabilities:
560,400	-	-	208,259	Accounts payable
-	-	-	10,140	Intergovernmental payable
-	-	-	-	Deposits from others
-	-	-	519	Interfund payable
-	-	-	-	Unearned revenue
<b>560,400</b>	<b>-</b>	<b>-</b>	<b>218,918</b>	<b>Total Liabilities</b>
				Deferred Inflows of Resources:
618,270	-	1,308,268	-	Unavailable revenue
<b>618,270</b>	<b>-</b>	<b>1,308,268</b>	<b>-</b>	<b>Total Deferred Inflows of Resources</b>
				Fund Balances:
-	-	-	-	Nonspendable
6,868,105	2,087,852	9,105,454	20,979,476	Restricted
657,996	-	-	-	Assigned
-	-	-	-	Unassigned
<b>7,526,101</b>	<b>2,087,852</b>	<b>9,105,454</b>	<b>20,979,476</b>	<b>Total Fund Balances</b>
<b>8,704,771</b>	<b>2,087,852</b>	<b>10,413,722</b>	<b>21,198,394</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>

continued

**Balance Sheet — Governmental Funds (continued)**

June 30, 2014

	<b>Total</b>
<b>Assets</b>	
Cash and investments	\$ 42,734,207
Receivables:	
Interest	43,355
Accounts	5,184,302
Loans	16,828,274
Interfund receivable	271,830
Prepaid assets	28,262
Investments held in trust	3,388,191
Restricted assets:	
Cash and investments with fiscal agent	5,104,318
Assets held for disposition	7,805,927
<b>Total Assets</b>	<b>\$ 81,388,666</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 1,894,743
Intergovernmental payable	10,140
Deposits from others	640,930
Interfund payable	271,830
Unearned revenue	1,234,285
<b>Total Liabilities</b>	<b>4,051,928</b>
Deferred Inflows of Resources:	
Unavailable revenue	3,124,544
<b>Total Deferred Inflows of Resources</b>	<b>3,124,544</b>
Fund Balances:	
Nonspendable	28,262
Restricted	58,276,302
Assigned	5,302,036
Unassigned	10,605,594
<b>Total Fund Balances</b>	<b>74,212,194</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 81,388,666</b>

*See accompanying notes to basic financial statements.*

## Reconciliation of the Balance Sheet — Governmental Funds to the Statement of Net Position

June 30, 2014

<b>Total fund balances - governmental funds</b>	<b>\$ 74,212,194</b>
---	----------------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

- Capital assets used in governmental activities, excluding internal service funds of \$1,633,588, are not financial resources, and therefore, are not reported in the funds.

Capital assets, at historical cost	243,402,606
Accumulated depreciation	(90,662,425)

- Accrued interest payable not included in the funds. (4,251,474)

- Deferred inflows of resources recognized under the accrual method of accounting. 3,124,544

- Internal service funds are used by management to charge the costs of these funds to their primary users governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 13,872,160

- Long-term liabilities are not due and payable in the current period and therefore, not reported in the governmental funds (this excludes internal service fund liabilities of \$2,418,097).

Bonds and capital leases	(207,338,862)
Bond premium/discount	(134,856)
Compensated absences	(2,808,491)
Other post employment benefits (OPEB)	(26,735,340)

<b>Net position of governmental activities</b>	<b>\$ 2,680,056</b>
--	---------------------

*See accompanying notes to basic financial statements.*

## Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds

For the Year Ended June 30, 2014

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Revenues</b>				
Taxes	\$ 25,010,769	-	-	-
Intergovernmental	60,948	-	-	-
Licenses and permits	969,943	-	-	-
Fines and forfeitures	190,053	-	-	-
Charges for services	3,440,479	-	-	-
Special assessments	5,257,896	-	-	-
Development fees	-	46,944	-	-
Use of money and property	718,773	382	72,419	202,829
Contributions from property owners	-	-	-	-
Contributions from other governments	470,992	-	-	15,086,024
Other revenue	225,710	4,099	121,761	300
<b>Total Revenues</b>	<b>36,345,563</b>	<b>51,425</b>	<b>194,180</b>	<b>15,289,153</b>
<b>Expenditures</b>				
Current:				
General government	8,439,067	-	-	-
Community development	1,541,778	-	113,503	-
Culture and recreation	219,190	34,432	-	-
Public safety	20,416,671	-	-	-
Public works	930,480	-	-	-
Capital outlay	136,850	3,220	-	-
Debt service:				
Principal	196,191	-	-	5,515,000
Interest	56,590	-	-	10,075,718
<b>Total Expenditures</b>	<b>31,936,817</b>	<b>37,652</b>	<b>113,503</b>	<b>15,590,718</b>
Excess (deficiency) of revenues over (under) expenditures	4,408,746	13,773	80,677	(301,565)
<b>Other Financing Sources (Uses)</b>				
Transfers in	586,850	-	-	504,694
Transfers out	(601,313)	-	-	(387,112)
Issuance of debt	136,850	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>122,387</b>	<b>-</b>	<b>-</b>	<b>117,582</b>
Net change in fund balances	4,531,133	13,773	80,677	(183,983)
Fund balances — July 1 (as restated)	14,456,377	18,988	9,265,849	6,330,497
<b>Fund Balances — June 30</b>	<b>\$ 18,987,510</b>	<b>32,761</b>	<b>9,346,526</b>	<b>6,146,514</b>

See accompanying notes to basic financial statements.



Capital Projects				
Areawide Capital Projects	Successor Housing Agency 2002 D TAB	Successor Housing Agency 2002 E TAB	Nonmajor Funds	
				<b>Revenues</b>
-	-	-	-	Taxes
3,915,064	-	-	3,442,783	Intergovernmental
-	-	-	-	Licenses and permits
-	-	-	296,685	Fines and forfeitures
-	-	-	1,061,847	Charges for services
-	-	-	496,841	Special assessments
-	-	-	27,035	Development fees
61,686	5,450	9,997	109,643	Use of money and property
-	-	-	4,531,790	Contributions from property owners
3,423,282	-	-	-	Contributions from other governments
397,128	-	-	99,149	Other revenue
<b>7,797,160</b>	<b>5,450</b>	<b>9,997</b>	<b>10,065,773</b>	<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	-	-	-	General government
1,609,900	-	-	2,118,537	Community development
-	-	-	-	Culture and recreation
-	-	-	480,118	Public safety
-	-	-	1,810,341	Public works
3,469,738	-	-	618,737	Capital outlay
				Debt service:
152,185	-	-	200,000	Principal
25,815	-	-	170,918	Interest
<b>5,257,638</b>	<b>-</b>	<b>-</b>	<b>5,398,651</b>	<b>Total Expenditures</b>
				Excess (deficiency) of revenues over (under) expenditures
2,539,522	5,450	9,997	4,667,122	
				<b>Other Financing Sources (Uses)</b>
-	-	-	650,124	Transfers in
-	-	-	(793,693)	Transfers out
-	-	-	-	Issuance of debt
<b>-</b>	<b>-</b>	<b>-</b>	<b>(143,569)</b>	<b>Total Other Financing Sources (Uses)</b>
2,539,522	5,450	9,997	4,523,553	Net change in fund balances
4,986,579	2,082,402	9,095,457	16,455,923	Fund balances — July 1 (as restated)
<b>7,526,101</b>	<b>2,087,852</b>	<b>9,105,454</b>	<b>20,979,476</b>	<b>Fund Balances — June 30</b>

continued

## Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds (continued)

For the Year Ended June 30, 2014

	Total
<b>Revenues</b>	
Taxes	\$ 25,010,769
Intergovernmental	7,418,795
Licenses and permits	969,943
Fines and forfeitures	486,738
Charges for services	4,502,326
Special assessments	5,754,737
Development fees	73,979
Use of money and property	1,181,179
Contributions from property owners	4,531,790
Contributions from other governments	18,980,298
Other revenue	848,147
<b>Total Revenues</b>	<b>69,758,701</b>
<b>Expenditures</b>	
Current:	
General government	8,439,067
Community development	5,383,718
Culture and recreation	253,622
Public safety	20,896,789
Public works	2,740,821
Capital outlay	4,228,545
Debt service:	
Principal	6,063,376
Interest	10,329,041
<b>Total Expenditures</b>	<b>58,334,979</b>
Excess (deficiency) of revenues over (under) expenditures	11,423,722
<b>Other Financing Sources (Uses)</b>	
Transfers in	1,741,668
Transfers out	(1,782,118)
Issuance of debt	136,850
<b>Total Other Financing Sources (Uses)</b>	<b>96,400</b>
Net change in fund balances	11,520,122
Fund balances — July 1 (as restated)	62,692,072
<b>Fund Balances — June 30</b>	<b>\$ 74,212,194</b>

See accompanying notes to basic financial statements.

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 11,520,122</b>
<ul style="list-style-type: none"> <li>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</li> </ul>	
Capital outlay	4,078,452
Depreciation expense (excluding internal service)	(6,496,360)
.....	
<ul style="list-style-type: none"> <li>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</li> </ul>	151,389
.....	
<ul style="list-style-type: none"> <li>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on change in net position. This amount represents long-term debt repayments. Governmental funds also report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</li> </ul>	
These differences in the treatment of long-term debt and related items consist of:	
Bond principal payments	5,715,000
Capital lease principal payments	348,376
Capital lease proceeds	(136,850)
Bond premium/discount amortization	7,650
.....	
<ul style="list-style-type: none"> <li>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</li> </ul>	
Compensated absences	(299,219)
Accrued interest payable	(175,863)
Net other post-employment benefits (OPEB) obligation	(3,750,324)
.....	
<ul style="list-style-type: none"> <li>Internal service funds are used by management to charge the costs of activities involved in providing services to departments within the City. The net expense of certain internal service funds are reported with governmental activities.</li> </ul>	(1,087,733)
.....	
<b>Change in net position of governmental activities</b>	<b>\$ 9,874,640</b>

See accompanying notes to basic financial statements.

**Statement of Net Position — Proprietary Funds**

June 30, 2014

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 12,039,362
Receivables:	
Interest	13,531
Accounts	277,046
Deposits with PERMA	1,483,893
Prepaid assets	805,386
Inventories	37,451
<b>Total Current Assets</b>	<b>14,656,669</b>
Noncurrent assets:	
Capital assets:	
Vehicles and equipment	7,331,203
Accumulated depreciation	(5,697,615)
Net capital assets	1,633,588
<b>Total Noncurrent Assets</b>	<b>1,633,588</b>
<b>Total Assets</b>	<b>16,290,257</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	71,831
Claims payable	1,000,000
Unearned revenue	1,311
<b>Total Current Liabilities</b>	<b>1,073,142</b>
Noncurrent liabilities:	
Claims payable	1,344,955
<b>Total Noncurrent Liabilities</b>	<b>1,344,955</b>
<b>Total Liabilities</b>	<b>2,418,097</b>
<b>Net Position</b>	
Net investment in capital assets	1,633,588
Unrestricted	12,238,572
<b>Total Net Position</b>	<b>\$ 13,872,160</b>

*See accompanying notes to basic financial statements.*



## Statement of Revenues, Expenses, and Changes in Net Position — Proprietary Funds

For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>	
Charges for services	\$ 9,335,254
Other revenue	246,982
<b>Total Operating Revenues</b>	<b>9,582,236</b>
<b>Operating Expenses</b>	
Insurance claims and expenses	10,299,528
Minor equipment	2,818
Depreciation	512,155
<b>Total Operating Expenses</b>	<b>10,814,501</b>
Operating (loss)	(1,232,265)
<b>Nonoperating Revenues (Expenses)</b>	
Interest and investment income	118,520
Loss on sale of capital assets	(14,438)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>104,082</b>
(Loss) before transfers	(1,128,183)
Transfers in	40,450
Change in net position	(1,087,733)
Net position — July 1	14,959,893
<b>Net Position — June 30</b>	<b>\$ 13,872,160</b>

See accompanying notes to basic financial statements.

## Statement of Cash Flows — Proprietary Funds

For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and user departments	\$ 9,793,792
Payments to suppliers for goods and services	(11,784,332)
Other receipts	47,488
<b>Net Cash (Used) by Operating Activities</b>	<b>(1,943,052)</b>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers in	40,450
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>40,450</b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital asset acquisitions	(972,452)
Proceeds from the sale of capital assets	30,316
<b>Net Cash (Used) By Capital and Related Financing Activities</b>	<b>(942,136)</b>
<b>Cash Flows From Investing Activities</b>	
Interest received	124,294
<b>Net Cash Provided by Investing Activities</b>	<b>124,294</b>
Net increase (decrease) in cash and cash equivalents	(2,720,444)
Cash and cash equivalents — July 1	14,759,806
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 12,039,362</b>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities</b>	
Operating (loss)	\$ (1,232,265)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	512,155
Accounts receivable	(187,237)
Deposits with PERMA	94,115
Prepaid assets	146,335
Inventories	(21,220)
Accounts payable	(101,163)
Unearned revenue	(4,206)
Claims payable	(1,149,566)
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (1,943,052)</b>

See accompanying notes to basic financial statements.

## Statement of Fiduciary Net Position — Fiduciary Funds

June 30, 2014

	Private- Purpose Trust Funds	Agency Trust Funds	Agency Funds
<b>Assets</b>			
Cash and investments	\$ 13,740,529		3,908,043
Receivables:			
Interest	21,868		9,106
Accounts	1,365		-
Loans	10,143,909		-
Special assessments	-		280,204
Prepaid assets	9,245		-
Restricted assets:			
Held with Successor Agency	11,290,367		-
Cash and investments held with fiscal agent	-		4,659,038
Capital assets:			
Capital assets, not being depreciated	61,043		-
Capital assets, net of accumulated depreciation	1,961,666		-
Assets held for disposition	30,706,883		33,096
<b>Total Assets</b>	<b>67,936,875</b>		<b>8,889,487</b>
<b>Liabilities</b>			
Accounts payable	40,159		15,658
Deposits from others	5,300		-
Due to bondholders	-		8,873,829
Loans payable	271,311		-
Unearned revenue	7,333		-
Long-term liabilities:			
Due in more than one year	11,869,508		-
<b>Total Liabilities</b>	<b>12,193,611</b>		<b>8,889,487</b>
<b>Net Position</b>			
Held in trust for other purposes	55,743,264		-
<b>Total Net Position</b>	<b>\$ 55,743,264</b>		<b>-</b>

See accompanying notes to basic financial statements.

**Statement of Changes in Fiduciary Net Position — Fiduciary Funds**

For the Year Ended June 30, 2014

	Private- Purpose Trust Funds Successor Agency Trust Funds
<b>Additions</b>	
Taxes	\$ 15,878,835
Use of money and property	683,112
<b>Total Additions</b>	<b>16,561,947</b>
<b>Deductions</b>	
Administrative expenses	707,517
Contractual services	14,267,069
Other operating expenses	61,044
Interest expense	594,769
Contributions to other governments	18,980,298
<b>Total Deductions</b>	<b>34,610,697</b>
<b>Transfers In (Out)</b>	
Transfers in	954,389
Transfers out	(954,389)
<b>Total Transfers In (Out)</b>	<b>-</b>
Change in net position	(18,048,750)
Net position — July 1	73,792,014
<b>Net Position — June 30</b>	<b>\$ 55,743,264</b>

*See accompanying notes to basic financial statements.*



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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities. A summary of the City of Cathedral City's significant accounting policies applied in the preparation of these financial statements follows.

### NOTE A – REPORTING ENTITY

The City of Cathedral City (the "City") was incorporated in 1981 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "general law" cities. The City operates under a Council-Manager form of government and the City Council is comprised of five members. Among the services provided by the City are public safety (police and fire protection), public works (maintenance of streets and parks), community development (building, planning and engineering), business development, and general administrative support.

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Unit.

**Cathedral City Public Financing Authority ("Authority")** – The Authority was established as a separate legal entity on December 1, 1993, for the purpose of financing public capital improvements. Although legally separate, it is reported as if it were part of the City because the City Council also serves as the Authority's governing board. In addition, City management has operational responsibility for the Authority as it manages its activities in the same manner as the City's. The Authority is reported herein in the City's debt service funds. Separate financial statements for the Authority are not prepared. The Authority's fiscal year end is June 30.

#### 2. Fiduciary Component Unit.

**Successor Agency to the Redevelopment Agency of the City of Cathedral City ("Successor Agency")** – Assembly Bill 1X 26 ("the Bill") dissolved all redevelopment agencies in the State of California effective February 1, 2012. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, as overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Cathedral City as Successor Agency of the former redevelopment agency. In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is reported

herein in the City's fiduciary funds as private-purpose trust funds. Separate financial statements for the Successor Agency are not prepared. The Successor Agency's fiscal year end is June 30.

## **NOTE B – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The City does not have any reportable business-type activities or discretely presented component units.

The statement of net position reports all of the City's assets and liabilities, with the difference between the two presented as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, fiduciary funds (although excluded from the government-wide financial statements), and component units. The emphasis of fund financial statements is on major governmental funds, enterprise funds, and component units, each reported as a separate column. All remaining governmental funds, enterprise funds, and component units, are aggregated and reported as nonmajor funds.

## **NOTE C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if collected within 60 days after year end. Sales taxes, property taxes, utility users' taxes, transactions and use taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest associated with the current fiscal period are susceptible to accrual. Other revenue items become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and expenditures related to compensated absences and claims and judgments, which are not recognized until paid.

The City reports the following governmental fund types:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

For reporting purposes, the General Fund includes the following funds: the General Fund (Fund 100); Big League Dreams (Fund 431); and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The Big League Dreams fund and Special Deposits fund do not meet the fund type definitions included in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Therefore, for U.S. GAAP reporting they are included as part of the General Fund.

- Special revenue funds account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt service funds account for the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term obligations of governmental funds.
- Capital projects funds account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

In addition to the General Fund, major governmental funds reported by the City include the following:

- The Developer Fees special revenue fund is used to account for the various fees charged to developers and collected by the City. The fees collected are restricted for the specific purposes designated by each of the fees.
- The Successor Housing Agency special revenue fund accounts for restricted revenue, such as housing program repayments, rental income, and interest earnings that are to be used in accordance with applicable housing-related provisions of the Community Redevelopment law.
- The Public Financing Authority debt service fund accounts for the monies received and interest earned to make the required principal and interest payments on the long-term indebtedness of the Authority.
- The Areawide Capital Projects fund accounts for restricted revenues, such as grants and other governmental revenues, to be used for approved citywide capital projects not otherwise budgeted for in another fund.
- The Successor Housing Agency 2002 D TAB capital projects fund accounts for financial resources, such as remaining bond proceeds, monies received from asset dispositions and interest earnings that are to be used in accordance with applicable housing-related provisions of the Community Redevelopment law.
- The Successor Housing Agency 2002 E TAB capital projects fund accounts for financial resources, such as remaining bond proceeds, monies received from asset dispositions and interest earnings that are to be used in accordance with applicable housing-related provisions of the Community Redevelopment law.

Proprietary fund and private-purpose trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Agency funds have no measurement focus, but utilize the accrual basis of accounting for reporting its assets and liabilities.

The City reports the following proprietary fund type:

- Internal service funds account for motor vehicle and major equipment purchases, insurance, technology-related costs, and major facilities replacement costs. The principal operating revenues of the City's internal service funds are charges to user departments for the estimated cost reimbursement of providing these services. Operating



expenses for the internal service funds include the cost of services provided, administrative expenses, and depreciation on capital assets.

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The City reports the following fiduciary fund types:

- Private-purpose trust funds account for the assets and liabilities of the former redevelopment agency. Allocated property tax revenues are received from Riverside County to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

#### **NOTE D – ELIMINATING INTERNAL ACTIVITY**

Interfund loans including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet have been eliminated in the government-wide statement of net position.

Eliminations were made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

#### **NOTE E – ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES**

1. **Cash and Investments.** The City pools cash resources from all funds, except those held by fiscal agents, to facilitate cash management and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms pursuant to investment policy guidelines established by the City and subject to an annual review by the City Council. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

Each fund’s share in this pool is displayed in the accompanying financial statements as cash and investments. City investments are recorded at fair value, which is primarily determined on the basis of quoted market prices at year end, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market rates. The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF), was established under California State Statute. LAIF has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF is not registered with the Securities and Exchange Commission and falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. Investment earnings of the pooled investments are allocated to the various funds based on each fund's cash and investment balance at the end of a quarter.

2. **Cash Equivalents.** The City's investments held in the pooled cash account are classified as cash equivalents. Cash equivalents are defined as short-term (maturing within three months), highly-liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the internal service funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net position for the internal service funds is considered cash and cash equivalents for purposes of the statement of cash flows.
3. **Accounts Receivable.** Property taxes, sales and use taxes, utility users' taxes, transactions and use taxes, franchise fees, and transient occupancy taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position.
4. **Loans Receivable.** The former redevelopment agency loaned money to City residents as part of assistance programs targeting low and moderate income property owners. Assistance programs included property rehabilitation assistance, property tax payment assistance, and others. The former redevelopment agency also loaned money to developers for various low and moderate income housing projects throughout the city.
5. **Interfund Receivable/Payable.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net position. Other interfund receivables/payables between individual funds have occurred because some funds have overdrawn their equity share of pooled cash.
6. **Prepaid Assets.** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both government-wide and fund financial statements.
7. **Inventories.** The City values its fuel inventory for City vehicles at average cost and expenses the fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net position.
8. **Investments Held in Trust.** Investments held in trust represent the investments (special assessment district bonds) purchased and held by the City for repayment of certain special assessment district debt.
9. **Restricted Assets.** Certain cash and investments held by the fiscal agent reported in governmental activities, the Public Financing Authority debt service fund, and the 2004 Series A Limited Obligation Bonds debt service fund are classified as restricted assets as they are restricted for debt repayment.

Certain cash and investments held by the fiscal agent reported in the Assessment District 2001-01, CFD Rio Vista, and Assessment District 2003-01 capital projects funds are classified as restricted assets as they are remaining proceeds of debt issues and their use is limited by applicable bond covenants.

10. **Capital Assets.** Vehicles, furniture, equipment, infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), and intangible assets (software and easements) are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if

purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (vehicles, furniture and equipment), \$10,000 (land and land improvements) or \$50,000 (buildings, structures, infrastructure, and intangible assets) and an estimated life exceeding one year. Normal maintenance and repair costs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized over the shorter of the lease term or the estimated useful life of the asset.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	30 years
Structures and improvements	20 years
Vehicles, furniture and equipment	5 to 10 years
Infrastructure	10 to 50 years
Intangible assets	5 to 40 years

**10. Assets Held for Disposition (formerly Land Held for Resale).** Upon the dissolution of the former redevelopment agency, the City took on the role of Successor Housing Agency. Parcels of land were acquired by the former redevelopment agency with low and moderate income housing funds as part of its primary purpose of developing or redeveloping blighted areas. These parcels are reported as assets held for disposition. The properties are reported at the lower of cost or net realizable value, which is determined upon the execution of a disposition and development agreement. Assets disposed of through a sales agreement at an agreed-upon price are accounted for by recording the resulting gain or loss on the sale. Assets given to a developer under a disposition agreement are accounted for by recording expenditures for developer assistance.

**11. Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: sales taxes, property taxes, grant reimbursements and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**12. Long-term Obligations.** Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements, proprietary fund financial statements and private-purpose trust fund financial statements. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond premiums and discounts are reported in the government-wide financial statements as noncurrent liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**13. Compensated Absences.** The City has vacation, sick and paid time off leave policies covering substantially all of its employees.

Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Employees can carry forward unused vacation hours up to twice the annual earned amount for use in a subsequent year. There is no limit for non-represented employees. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Regular status City employees earn sick leave based upon their respective MOU. Hours that can be carried forward for use in a subsequent year range from 580 to 1,440. There is no limit for non-represented employees. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

A current liability is accrued in the governmental funds for material compensated absences due on demand to governmental funds employees that have terminated prior to year end. All other amounts are recorded as long-term liabilities. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is generally used to liquidate the liability for compensated absences. If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds.

**14. Other Postemployment Benefits (OPEB).** Employees retiring from the City may elect within two months after retirement to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under the California Public Employees' Retirement System (CalPERS); (2) having the required years of service with the City based on the guidelines in effect at their original employment date; and (3) have reached the minimum age requirement based on the guidelines in effect at their original employment date. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated MOU at the time of retirement. As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health programs as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

The Insurance Fund (an internal service fund) is generally used to liquidate the liability for other postemployment benefits.

**15. Net Position.** In the government-wide, proprietary fund, and fiduciary fund (private-purpose trust fund) financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Net investment in capital assets represents capital assets, less accumulated depreciation, and less any outstanding

borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for capital projects, community development, debt service, investments held in trust and other purposes.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**16. Fund Balance.** In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund classifications include:

Nonspendable – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Includes amounts that have constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority (City Council).

Assigned – Includes amounts that are constrained by the City's intent to be used for a specific purpose. The City Council authorized the City Manager and/or Administrative Services Director to assign amounts for specific purposes pursuant to the fund balance policy adopted through a resolution.

Unassigned – The residual classification, which includes all spendable amounts not contained in other classifications.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**17. Property Taxes.** Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes that are received within 60 days after year end.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	November 1 – 1 <sup>st</sup> installment
	February 1 – 2 <sup>nd</sup> installment
Delinquent After:	December 10 – 1 <sup>st</sup> installment
	April 10 – 2 <sup>nd</sup> installment



Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

December:	30% advance
January:	Collection No. 1
April:	10% advance
May:	Collection No. 2
July:	Collection No. 3
November:	Teeter settlement

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the tax levy and Riverside County has responsibility for the collection of any delinquent taxes.

**18. Proprietary Fund Operating and Non-Operating Revenues and Expenses.** Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. They also distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services related to the fund's principal ongoing operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**19. Use of Estimates.** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## NOTE F – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

**Governmental Accounting Standards Board Statement No. 67** – In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The statement's objective is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions.

GASB Statement No. 67 is effective for periods beginning after June 15, 2013. The City reviewed the applicability of this Statement and determined it was not applicable. Therefore, there was no impact to the City's financial statements for the year ended at June 30, 2014.

**Governmental Accounting Standards Board Statement No. 69** – In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement

requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 69 is effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. The City reviewed the applicability of this Statement and determined it was not applicable. Therefore, there was no impact to the City's financial statements for the year ended at June 30, 2014.

**Governmental Accounting Standards Board Statement No. 70** – In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB Statement No. 70 is effective for periods beginning after June 15, 2013. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City reviewed the applicability of this Statement and determined it was not applicable. Therefore, there was no impact to the City's financial statements for the year ended at June 30, 2014.

#### **NOTE G – NEW ACCOUNTING PRINCIPLES YET TO BE IMPLEMENTED**

**Governmental Accounting Standards Board Statement No. 68** – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The statement's objective is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 68 is effective for periods beginning after June 15, 2014.

**Governmental Accounting Standards Board Statement No. 71** – In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### NOTE A – DEFICIT FUND EQUITY

There were no funds with a deficit fund balance or net position at June 30, 2014.

## III. DETAILED NOTES FOR ALL FUNDS

### NOTE A – DEPOSITS AND INVESTMENTS

1. **Deposits.** Cash includes amounts in demand and time deposits. The City maintains a single cash account at Wells Fargo Bank for payment of general accounts payable checks and payroll checks. At year end, the City's bank balance was \$155,059. The balance reported in the June 30, 2014 financial statements was \$15,498. The difference between the two amounts represents outstanding checks, deposits in transit, and other reconciling items.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits or securities can be legally restricted. Amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum of \$250,000 are securitized in accordance with California Government Code Section 53652. This requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured by the FDIC.

As of June 30, 2014, deposits were not subject to custodial credit risk as they were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

2. **Investments.** The City maintains a cash and investment pool available for use by all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis based on each fund's cash and investments balance at the end of the quarter. Each fund's portion of this pool is displayed on the statement of net position and balance sheet as 'cash and investments'.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with best investment return, while meeting the daily cash flow needs of the City. All investments are made in accordance with the California Government Code and the City's investment policy, which is generally more restrictive than State law. The Administrative Services Director reviews the investment policy annually and updates it as necessary. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer in accordance with California Government Code, Section 53607, and is incorporated into the investment policy. In his/her absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his/her behalf. The City's Municipal Code requires that the City Treasurer provide a monthly report to the City Council of its investment transactions. This 'treasurer's report' meets the requirement for monthly investment reporting.

**Table 1** below identifies the investment types that are authorized for the City by California Government Code, Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**Table 1****Authorized Investments – City Treasurer**

June 30, 2014

	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio*</b>	<b>Maximum Investment In One Issuer</b>
Government agency issues	5 years	80%	No maximum
Banker's acceptances	180 days	40%	30%
Medium-term notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	No maximum	\$40 million †
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	N/A	30%	No maximum
Money market mutual funds	N/A	20%	10%

\* Excluding amounts held by bond trustee, which are not subject to California Government Code restrictions.

† LAIF account balances are capped at \$50 million for regular accounts. Bond proceeds accounts have no deposit restrictions. The City maintains five separate accounts with LAIF – two regular accounts and three bond proceeds accounts.

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City's general expenditures.

**Table 2** below identifies the investment types that are authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

**Table 2****Authorized Investments – Bond Trustees**

June 30, 2014

	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio</b>	<b>Maximum Investment In One Issuer</b>
Government agency issues	5 years	No maximum	No maximum
Local Agency Investment Fund (LAIF)	N/A	No maximum	No maximum
Money market mutual funds	N/A	No maximum	No maximum
Guaranteed investment agreements	N/A	No maximum	No maximum
Local agency bonds	N/A	No maximum	No maximum

[This space left blank intentionally.]

At June 30, 2014, the City's investment balances were as shown in **Table 3** below.

**Table 3**

**Investment Balances**

June 30, 2014

	Fair Value
<b>Investments governed by CA Government Code/City investment policy:</b>	
Local Agency Investment Fund (LAIF)	\$ 66,204,230
Certificates of deposit	2,014,485
Federal agency securities	994,220
Medium-term notes	12,224,132
Money market mutual funds	2,256,293
<b>Total investments governed by CA Government Code/City investment policy</b>	<b>\$ 83,693,360</b>
<b>Investments governed by debt agreements:</b>	
Local Agency Investment Fund (LAIF)	1,162,633
Money market mutual funds	8,600,723
Local agency bonds	3,388,191
<b>Total investments governed by debt agreements</b>	<b>13,151,547</b>
<b>Total investments</b>	<b>\$ 96,844,907</b>

A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2014, is shown in **Table 4** below.

**Table 4**

**Reconciliation of Cash and Investments**

June 30, 2014

	Primary Government
<b>Governmental Activities:</b>	
Cash on hand	\$ 3,650
Deposits with financial institutions	15,498
Investments	54,754,421
Subtotal – cash and investments	54,773,569
Investments held in trust	3,388,191
Restricted cash and investments	5,104,318
<b>Total Governmental Activities</b>	<b>\$ 63,266,078</b>
<b>Fiduciary:</b>	
Private-Purpose Trust Funds:	
Investments	13,740,529
Restricted cash and investments	11,290,367
Agency Funds:	
Investments	3,908,043
Restricted cash and investments	4,659,038
<b>Total Fiduciary</b>	<b>33,597,977</b>
Less deposit balance	(19,148)
<b>Total Investments</b>	<b>\$ 96,844,907</b>

**Investment in Local Agency Investment Fund (LAIF).** The City is a voluntary participant in LAIF, a state investment pool that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in



relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

As of June 30, 2014, the total amount invested by all public agencies in LAIF is \$21.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had an investment portfolio balance of \$64.8 billion. Of that amount, 1.86% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 232 days as of June 30, 2014.

**Interest Rate Risk.** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, as the maturity period of an investment lengthens, the sensitivity of its fair value to changes in market interest rates becomes greater. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by **Table 5**, which shows the distribution of the City's investments by maturity.

Table 5

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
Local Agency Investment Fund (LAIF)	\$ 67,366,863	67,366,863	-	-	-
Certificates of deposit	2,014,485	-	-	2,014,485	-
Federal agency securities	994,220	-	-	994,220	-
Medium-term notes	12,224,132	2,053,545	4,112,905	6,057,682	-
Money market mutual funds	10,857,016	10,857,016	-	-	-
Local agency bonds	3,388,191	183,222	197,252	642,952	2,364,765
<b>Total</b>	<b>\$ 96,844,907</b>	<b>80,460,646</b>	<b>4,310,157</b>	<b>9,709,339</b>	<b>2,364,765</b>

**Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally-recognized statistical rating organizations, such as Standard & Poor's (S&P) and Moody's. All City investments, except for certificates of deposit, local agency bonds, and LAIF, require a minimum 'A' rating by the rating organization at the time of purchase. **Table 6** below presents the actual rating by S&P and Moody's as of June 30, 2014, for each investment type.

Table 6

S&P	Moody's	LAIF	Certificates of Deposit	Federal Agency Securities	Medium-Term Notes	Money Market Mutual Funds	Local Agency Bonds	Total
AAAm	Aaa-mf	\$ -	-	-	-	10,857,016	-	10,857,016
AA+	Aaa	-	-	994,220	-	-	-	994,220
AA+	A1	-	-	-	2,025,465	-	-	2,025,465
A+	A2	-	-	-	1,042,394	-	-	1,042,394
A	A2	-	-	-	986,101	-	-	986,101
A	A3	-	-	-	1,992,462	-	-	1,992,462
A	Baa1	-	-	-	1,014,560	-	-	1,014,560
A-	Baa1	-	-	-	2,055,240	-	-	2,055,240
A-	Baa2	-	-	-	3,107,910	-	-	3,107,910
NR	NR	67,366,863	2,014,485	-	-	-	3,388,191	72,769,539
<b>Total</b>		<b>\$ 67,366,863</b>	<b>2,014,485</b>	<b>994,220</b>	<b>12,224,132</b>	<b>10,857,016</b>	<b>3,388,191</b>	<b>96,844,907</b>

NR - Not rated

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2014, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank N.A., Morgan Stanley Smith Barney and Mutual Securities, Inc. as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

## NOTE B – RECEIVABLES

**1. Loans Receivable.** The City's outstanding loans receivable as of June 30, 2014 are summarized in **Table 7** below.

**Table 7**

**Loans Receivable**  
June 30, 2014

Borrower	Loan Date	Loan Amount	Loan Term/ Due Date	Interest Rate	Payment Frequency	Outstanding Balance
Big League Dreams Sports, LLC	07/30/98	\$ 4,350,239	09/30/27	10.02%	Quarterly	\$ 3,388,303
Cathedral/Creekside, L.P.	11/01/02	1,800,000	30 years <sup>1</sup>	0.00%	Annual <sup>2</sup>	1,800,000
Cathedral City Heritage Park, L.P.	12/01/02	2,700,000	30 years <sup>1</sup>	5.00%	Annual <sup>2</sup>	4,007,579
Southern California Housing Development Corp.	05/01/03	1,000,000	30 years <sup>1</sup>	0.00%	Annual <sup>2</sup>	1,000,000
Southern California Housing Development Corp.	09/26/07	280,000	12/31/15	0.00%	Lump sum <sup>3</sup>	280,000
Cathedral Family Housing Partners, L.P.	09/21/07	4,006,162	55 years <sup>1</sup>	2.00%	Annual <sup>2</sup>	4,350,946
Terracina Cathedral City Apartments, L.P.	12/01/10	50,000	55 years <sup>1</sup>	3.00%	Annual <sup>2</sup>	50,689
Northwoods – Cathedral City LLC	08/14/01	325,000	33 years <sup>1</sup>	0.00%	Lump sum <sup>3</sup>	325,000
Successor Agency to the Cathedral City RDA	08/14/13	271,311	07/01/14	Variable <sup>4</sup>	Installment <sup>5</sup>	271,311
Low and moderate income housing property owners	Various	Various	Various	0.00%	Lump sum <sup>6</sup>	1,354,446
<b>Total</b>						<b>\$ 16,828,274</b>

<sup>1</sup> From date certificate of completion was issued.

<sup>2</sup> From residual receipts, if any.

<sup>3</sup> At end of loan term.

<sup>4</sup> Interest rate is based on the rate earned by funds deposited into the Local Agency Investment Fund (LAIF), as it may be adjusted from time to time.

<sup>5</sup> Loan payments were due no later than February 15, 2014 and July 1, 2014.

<sup>6</sup> At time property owner refinances/sells the property or no longer qualifies for low/moderate income housing under established guidelines.

On May 17, 2013, the California Department of Finance approved the Successor Agency's Recognized Obligation Payment Schedule (ROPS) 13-14A authorizing the distribution of Redevelopment Property Tax Trust Fund (RPTTF) monies of \$7,981,086. Riverside County distributed \$7,656,801 to the Successor Agency in June 2013. This resulted in a potential shortfall of \$324,285 to pay enforceable obligations. On August 14, 2013, the City approved a loan to the Successor Agency to the Cathedral City Redevelopment Agency in an amount not to exceed \$324,285. At December 31, 2013, the actual shortfall was \$271,311.

The loan was to be repaid in two installments: 50% of the amount (including interest) due no later than February 15, 2014, and the remaining 50% (including interest) due no later than July 1, 2014. Interest accrues on the loan at the rate earned by funds deposited into LAIF, as it may be adjusted from time to time. As of June 30, 2014, the entire amount of the loan remains outstanding as subsequent receipts of RPTTF monies have been insufficient to pay the loan balance.

**NOTE C – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The City's interfund balances and transfers as of June 30, 2014 are summarized in **Table 8** and **Table 9** below.

- 1. Interfund Receivables/Payables.** All balances reported as interfund receivables/payables are short-term loans to cover temporary cash shortages as of June 30, 2014, and will be repaid in early fiscal year 2015. "Advances to/from" balances would represent long-term loan activity between various funds. There was no long-term loan activity between funds as of June 30, 2014.

**Table 8**

Receivable Fund	Payable Fund		Total
	General Fund	Nonmajor Governmental	
General Fund	\$ -	519	519
Successor Housing Agency 2002 D TAB	271,311	-	271,311
<b>Total</b>	<b>\$ 271,311</b>	<b>519</b>	<b>271,830</b>

- 2. Transfers.** Transfers report the nonreciprocal contribution from one fund to another. Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move revenues to reimburse labor and overhead of various programs that the government must account for in other funds in accordance with budgetary authorizations.

**Table 9**

Transfers In	Transfers Out			Total
	General Fund	Public Financing Authority	Nonmajor Governmental	
General Fund	\$ -	-	586,850	586,850
Public Financing Authority	504,694	-	-	504,694
Nonmajor Governmental	96,619	387,112	166,393	650,124
Internal Service	-	-	40,450	40,450
<b>Total</b>	<b>\$ 601,313</b>	<b>387,112</b>	<b>793,693</b>	<b>1,782,118</b>

During the year ended June 30, 2014, various interfund transfers listed above were made to finance expenditures and service debt. Transfers between the governmental and/or proprietary funds consisted of:

- \$586,850 from various nonmajor governmental funds to the General Fund for salary/benefits and other cost reimbursements.
- \$504,694 from the General Fund (Big League Dreams fund) to the Public Financing Authority fund for debt service payments (principal and interest) as they became due.
- \$387,112 from the Public Financing Authority fund to the 2004 Limited Obligation Bond A fund (nonmajor fund) for debt service payments (principal and interest) as they became due.
- \$141,393 from various nonmajor governmental funds to other nonmajor governmental funds for salary/benefits reimbursements.

- \$96,619 from the General Fund to a nonmajor governmental fund for maintenance costs reimbursements.
- \$40,450 from a nonmajor governmental fund to an internal service fund for the purchase of equipment.
- \$25,000 from a nonmajor governmental fund to other nonmajor governmental funds for street sweeping costs reimbursements.

## NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is shown in **Table 10** and **Table 11** below.

### 1. Governmental Activities.

Table 10

#### Governmental Activities

For the Year Ended June 30, 2014

	July 1 As Restated	Additions	Deletions	Transfers	June 30
<b>Capital assets not being depreciated:</b>					
Land	\$ 24,049,537	-	-	-	24,049,537
Construction in progress	<u>5,025,669</u>	<u>3,941,602</u>	-	<u>(4,400,254)</u>	<u>4,567,017</u>
<b>Total capital assets not being depreciated</b>	<b>29,075,206</b>	<b>3,941,602</b>	-	<b>(4,400,254)</b>	<b>28,616,554</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	22,878,029	-	-	-	22,878,029
Structures and improvements	8,941,707	-	-	-	8,941,707
Vehicles, furniture and equipment	13,503,771	1,109,302	(405,401)	-	14,207,672
Infrastructure	171,282,776	-	-	4,400,254	175,683,030
Intangibles	<u>406,817</u>	-	-	-	<u>406,817</u>
<b>Total capital assets being depreciated</b>	<b>217,013,100</b>	<b>1,109,302</b>	<b>(405,401)</b>	<b>4,400,254</b>	<b>222,117,255</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(10,974,923)	(847,227)	-	-	(11,822,150)
Structures and improvements	(4,106,290)	(477,143)	-	-	(4,583,433)
Vehicles, furniture and equipment	(10,320,181)	(872,027)	360,647	-	(10,831,561)
Infrastructure	(63,919,067)	(4,804,565)	-	-	(68,723,632)
Intangibles	<u>(391,711)</u>	<u>(7,553)</u>	-	-	<u>(399,264)</u>
<b>Total accumulated depreciation</b>	<b>(89,712,172)</b>	<b>(7,008,515)</b>	<b>360,647</b>	-	<b>(96,360,040)</b>
<b>Total capital assets being depreciated, net</b>	<b>127,300,928</b>	<b>(5,899,213)</b>	<b>(44,754)</b>	<b>4,400,254</b>	<b>125,757,215</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 156,376,134</b>	<b>(1,957,611)</b>	<b>(44,754)</b>	-	<b>154,373,769</b>

2. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is summarized in **Table 11** below.

Table 11

General government	\$ 525,155
Community development	470,540
Culture and recreation	270,405
Public safety	376,468
Public works, including depreciation of infrastructure assets	4,853,792
Capital assets held by internal service funds	<u>512,155</u>
<b>Total</b>	<b>\$ 7,008,515</b>

- 3. Construction and Other Significant Commitments.** The City has several significant authorized projects in the early stages of development as of June 30, 2014. These projects are identified in **Table 12** below.

Table 12

Project	Project No.	Total Budget	Spent to Date	Remaining Budget
Ramon Rd Bridge/Roadway Widening	2500	\$ 1,268,364	59,377	1,208,987
Whitewater Neighborhood Park	7012	5,014,642	431,145	4,583,497
E. Palm Canyon Widening Improvements	8913	1,047,133	98,377	948,756
Date Palm Dr Bridge over Whitewater	8914	18,703,000	919,008	17,783,992
Cathedral Canyon Bridge	8919	<u>22,112,261</u>	<u>1,664,735</u>	<u>20,447,526</u>
<b>Total</b>		<b><u>\$ 48,145,400</u></b>	<b><u>3,172,642</u></b>	<b><u>44,972,758</u></b>

As of June 30, 2014, the City's governmental activities did not have any construction and/or professional services contracts having significant remaining commitments related to the above projects. Commitments for these projects are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for authorized contracts are included as liabilities in the financial statements.

#### NOTE E – LEASE OBLIGATIONS

- 1. Capital Leases.** The governmental activities capital leases are for various equipment purchases and improvements made as summarized in **Table 13** below.

Table 13

Lessor	Purpose	Final Payment	Payment Frequency	Outstanding Balance
Sun Trust Leasing Corporation <sup>1</sup>	Energy savings project: building lighting, traffic LEDs, solar electric panels and window tinting.	09/23/16	Annual	\$ 477,452
Motorola, Inc. <sup>1</sup>	Eastern Riverside County Interoperable Communications Authority (ERICA) backbone – dispatch/subscriber equipment.	10/01/18	Annual	1,091,508
Dell Financial Services	Upgrade server and storage capabilities.	04/01/19	Monthly	<u>132,276</u>
<b>Total</b>				<b><u>\$ 1,701,236</u></b>

<sup>1</sup> The former redevelopment agency committed to making the annual payments required under the agreement. The Successor Agency continues to fund the annual payments through the semi-annual Recognized Obligation Payment Schedule (ROPS).

**Dell Financial Services.** On January 14, 2014, Dell Financial Services and the City of Cathedral City entered into Master Lease Agreement No. 6705070. Lease Purchase Schedule No. 810-6705070-001 was signed on May 1, 2014, for the lease purchase of new server infrastructure to include Blade servers, EqualLogic network storage systems, and faster network connectivity between servers and storage. The lease purchase schedule requires 60 monthly payments of \$2,496 beginning May 1, 2014. The City has the option to purchase the products for \$1 at the end of the lease term. The outstanding principal balance at June 30, 2014 was \$132,276.



The related net book values of plant and equipment under capital lease obligations as of June 30, 2014, are summarized in **Table 14** below.

**Table 14****Governmental Activities**

Buildings and improvements	\$ 216,856
Structures and improvements	2,269,559
Vehicles, furniture and equipment	2,151,511
Infrastructure	360,669
Less accumulated depreciation	(1,693,233)
<b>Net Book Value</b>	<b><u>\$ 3,305,362</u></b>

**Table 15** is a schedule by year of future minimum lease obligations together with the present value of the net minimum lease payments as of June 30, 2014.

**Table 15**

<b>Year</b>	<b>Governmental Activities</b>
2015	\$ 455,738
2016	455,740
2017	438,164
2018	277,739
2019	<u>272,748</u>
<b>Total minimum lease payments</b>	<b>1,900,129</b>
Less amounts representing interest	<u>(198,893)</u>
<b>Present value of minimum lease payments</b>	<b><u>\$ 1,701,236</u></b>

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2014, were approximately \$34,302 for governmental activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

**NOTE F – LONG-TERM DEBT**

1. **Lease Revenue Bonds.** Bond proceeds were loaned to the City, who in turn made a construction loan to Big League Dreams to develop a sports complex and community park as summarized in **Table 16** below.

**Table 16**

<b>Bonds</b>	<b>Issue Date</b>	<b>Issue Amount</b>	<b>Interest Rate</b>	<b>Final Payment Date</b>	<b>Reserve Required</b>	<b>Reserve Amount</b>	<b>Outstanding Balance</b>
1997 Taxable Lease Revenue	03/19/97	\$ 5,920,000	7.75% - 7.875%	08/01/27	\$ 592,000	\$ 592,060	<u>\$ 4,245,000</u>
<b>Total</b>							<b><u>\$ 4,245,000</u></b>

Lease revenue bonds' debt service requirements to maturity are summarized in **Table 17** below.

**Table 17**

Year	Governmental Activities	
	Principal	Interest
2015	\$ 180,000	326,325
2016	190,000	311,988
2017	205,000	296,681
2018	220,000	280,212
2019	240,000	262,238
2020 – 2024	1,515,000	983,391
2025 – 2028	<u>1,695,000</u>	<u>280,153</u>
<b>Total</b>	<b>\$ 4,245,000</b>	<b>2,740,988</b>

The City pledged certain lease revenues to repay the bonds. The bonds are payable solely from these lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. For the current year, principal and interest paid and total lease revenues were \$504,694 and \$475,000, respectively.

- 2. Tax Allocation Bonds (TABs).** Tax allocation bonds were generally issued to finance the construction and acquisition of certain capital improvements in the designated project areas of the former redevelopment agency. In addition, proceeds of housing-related bonds were used by the former redevelopment agency to increase, improve, and preserve the supply of low/moderate income housing. Bonds outstanding at June 30, 2014, are summarized in **Table 18** below.

**Table 18**

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount <sup>1</sup>	Outstanding Balance
2000 TAB, Series A (Serial Current Senior Bonds)	03/30/00	\$ 4,000,000	5.40% - 5.50%	08/01/15	-	-	\$ 1,360,000
2000 TAB, Series A (Term Senior Bonds)	03/30/00	6,090,000	5.60% - 5.70%	08/01/22	-	-	6,090,000
2000 TAB, Series A (Capital Appreciation Bonds)	03/30/00	<u>2,221,000</u>	6.00% - 6.15%	08/01/33	-	-	<u>2,221,000</u>
<b>2000 TAB, Series A – total</b>		<b>12,311,000</b>			<b>1,085,000</b>	<b>1,085,000</b>	<b>9,671,000</b>
2002 TAB, Series A	12/10/02	24,220,000	4.20% - 5.00%	08/01/33	1,504,390	1,504,390	18,465,000
2002 TAB, Series D	11/10/02	22,820,000	4.00% - 5.00%	08/01/33	1,434,500	1,434,500	17,930,000
2002 TAB, Series E	11/21/02	14,350,000	5.19% - 6.16%	08/01/33	1,038,932	1,038,932	11,745,000
2004 TAB, Series A	12/02/04	21,370,000	3.75% - 5.125%	08/01/34	1,759,353	1,759,353	18,065,000
2004 TAB, Series B	12/02/04	8,630,000	4.93% - 5.87%	08/01/34	598,165	598,165	7,115,000
2005 TAB, Series A	06/17/05	13,000,000	3.60% - 4.50%	08/01/34	579,305	579,305	8,345,000
2007 TAB, Series A	03/09/07	29,740,000	4.50%	08/01/35	1,700,217	1,700,217	29,740,000
2007 TAB, Series B	03/09/07	53,400,000	5.14% - 5.39%	08/01/31	3,052,844	3,052,844	45,090,000
2007 TAB, Series C	03/09/07	31,860,000	4.00% - 5.00%	08/01/35	2,148,925	2,149,014	<u>28,985,000</u>
<b>Total</b>							<b>\$ 195,151,000</b>

<sup>1</sup> A reserve account surety bond was held to meet the reserve requirement, except for the 2007 TAB, Series C. For those bonds, a portion of the bond proceeds was set aside to fund the reserve.

Tax allocation bonds' debt service requirements to maturity are summarized in **Table 19** below.

**Table 19**

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest <sup>2</sup>
2015	\$ 5,595,000	9,485,767
2016	5,855,000	9,218,625
2017	6,130,000	8,935,427
2018	6,415,000	8,634,819
2019	6,730,000	8,313,793
2020 – 2024	38,256,093	37,214,506
2025 – 2029	45,035,309	29,906,550
2030 – 2034	57,299,598	16,861,242
2035 – 2036	<u>23,835,000</u>	<u>1,094,911</u>
<b>Total</b>	<b>\$ 195,151,000</b>	<b>129,665,640</b>

<sup>1</sup> Does not include unamortized premiums of \$186,528 or unamortized discounts of \$98,255.

<sup>2</sup> Does not include accreted interest of \$2,856,626.

The City pledged a portion of future property tax increment revenues to repay the outstanding bonds. The bonds are payable solely from these incremental property taxes generated by increased property values in the project areas.

All California redevelopment agencies were dissolved as of February 1, 2012, as a result of Assembly Bill 1X 26. The City agreed to serve as the "successor agency" to the former redevelopment agency. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. (See **Note III-H** – Successor Agency Trust Funds for Assets of Former Redevelopment Agency.)

Contributions (property taxes) received from the Successor Agency during the fiscal year ended June 30, 2014 totaled \$15,086,024.

- 3. Limited Obligation Bonds (LOBs).** Bond proceeds were used to purchase the entire outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio Vista) Series 2004. In addition, proceeds refunded the Authority's 1996 Series A and Series B Revenue Bonds, which were paid off in September 2011. Repayment of the remaining outstanding bonds is secured solely by payments received from the 2004 Rio Vista District Bonds. Bonds outstanding at June 30, 2014, are summarized in **Table 20** below.

**Table 20**

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount <sup>1</sup>	Outstanding Balance
2004 Series A LOBs	12/03/04	\$ 15,525,000	4.25% - 5.30%	09/02/26	\$ 359,612	\$ 226,312	\$ 3,385,000
<b>Total</b>							<b>\$ 3,385,000</b>

<sup>1</sup> Per the bond indenture, the reserve was funded for \$179,806 (50% of the required amount) with bond proceeds. Thereafter, the reserve amount would be increased based on interest earnings until the reserve was 100% funded.

Limited obligation bonds' debt service requirements to maturity are summarized in **Table 21** below.

**Table 21**

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest
2015	\$ 195,000	162,614
2016	205,000	153,960
2017	215,000	144,559
2018	225,000	134,492
2019	235,000	123,854
2020 – 2024	1,345,000	432,907
2025 – 2027	965,000	77,965
<b>Total</b>	<b>\$ 3,385,000</b>	<b>1,230,351</b>

<sup>1</sup> Does not include unamortized premiums of \$46,583.

**4. Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2014, is summarized in **Table 22** below.

**Table 22**

Governmental Activities	July 1	Additions	Deletions	June 30	Due within one year
<b>Bonds:</b>					
Lease revenue	\$ 4,410,000	-	(165,000)	4,245,000	180,000
Tax allocation	200,501,000	-	(5,350,000)	195,151,000	5,595,000
Limited obligation	3,585,000	-	(200,000)	3,385,000	195,000
Unamortized bond discount	(103,317)	-	5,062	(98,255)	-
Unamortized bond premium	245,823	-	(12,712)	233,111	-
Accreted interest	2,561,361	295,265	-	2,856,626	-
<b>Total bonds</b>	<b>211,199,867</b>	<b>295,265</b>	<b>(5,722,650)</b>	<b>205,772,482</b>	<b>5,970,000</b>
Capital lease obligations	1,912,762	136,850	(348,376)	1,701,236	383,881
<b>Total bonds and capital lease obligations</b>	<b>213,112,629</b>	<b>432,115</b>	<b>(6,071,026)</b>	<b>207,473,718</b>	<b>6,353,881</b>
<b>Other long-term liabilities:</b>					
Compensated absences	2,509,272	1,800,479	(1,501,260)	2,808,491	1,500,000
Other postemployment benefits	22,985,016	4,906,282	(1,155,958)	26,735,340	-
Claims and judgments	3,494,521	769,075	(1,918,641)	2,344,955	1,000,000
<b>Total other long-term liabilities</b>	<b>28,988,809</b>	<b>7,475,836</b>	<b>(4,575,859)</b>	<b>31,888,786</b>	<b>2,500,000</b>
<b>Total Governmental Activities</b>	<b>\$ 242,101,438</b>	<b>7,907,951</b>	<b>(10,646,885)</b>	<b>239,362,504</b>	<b>8,853,881</b>

**5. Special Assessment Debt with No City Commitment.** Special assessment districts ("Districts") in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these Districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. **Table 23** on the following page summarizes the outstanding balance of each of these issues as of June 30, 2014.

Table 23

Bonds	Issue Year	Maturity Year	Outstanding Balance
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	\$ 2,160,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2030	11,245,000
Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	3,388,191
35 <sup>th</sup> Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	5,175,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	4,820,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	27,615,000
<b>Total</b>			<b>\$ 54,403,191</b>

## NOTE G – FUND BALANCES

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

Fund balances by classification are detailed in **Table 24** below.

Table 24

	General	Developer Fees	Successor Housing Agency	Public Financing Authority	Areawide Capital Projects	Successor Housing Agency 2002 D TAB	Successor Housing Agency 2002 E TAB	Nonmajor Funds	Total
<b>Nonspendable</b>	\$ 28,262	-	-	-	-	-	-	-	28,262
<b>Restricted:</b>									
Capital projects	-	-	-	-	6,868,105	-	-	9,448,250	16,316,355
Commercial building operations	50,000	-	-	-	-	-	-	-	50,000
Community development	-	32,761	-	-	-	-	-	2,271,842	2,304,603
Debt service	3,659,614	-	-	6,146,514	-	-	-	1,387,301	11,193,429
Low-mod income housing	-	-	9,346,526	-	-	2,087,852	9,105,454	-	20,539,832
Public safety	-	-	-	-	-	-	-	1,781,163	1,781,163
Public works	-	-	-	-	-	-	-	6,090,920	6,090,920
<b>Total Restricted</b>	<b>3,709,614</b>	<b>32,761</b>	<b>9,346,526</b>	<b>6,146,514</b>	<b>6,868,105</b>	<b>2,087,852</b>	<b>9,105,454</b>	<b>20,979,476</b>	<b>58,276,302</b>
<b>Assigned:</b>									
Capital projects	-	-	-	-	657,996	-	-	-	657,996
Debt service	713,436	-	-	-	-	-	-	-	713,436
Live Arts	2,948	-	-	-	-	-	-	-	2,948
PERS	2,650,000	-	-	-	-	-	-	-	2,650,000
Subsequent year expenditures	1,277,656	-	-	-	-	-	-	-	1,277,656
<b>Total Assigned</b>	<b>4,644,040</b>	-	-	-	<b>657,996</b>	-	-	-	<b>5,302,036</b>
<b>Unassigned</b>	<b>10,605,594</b>	-	-	-	-	-	-	-	<b>10,605,594</b>
<b>Total Fund Balances</b>	<b>\$ 18,987,510</b>	<b>32,761</b>	<b>9,346,526</b>	<b>6,146,514</b>	<b>7,526,101</b>	<b>2,087,852</b>	<b>9,105,454</b>	<b>20,979,476</b>	<b>\$ 74,212,194</b>

- 1. Nonspendable Fund Balances.** Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

The City has prepaid assets of \$28,262, which is in nonspendable form.

- 2. Restricted Fund Balances.** Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

The City has \$58,276,302 in total restricted fund balance. Restrictions include:



- \$20,539,832 – restricted for low and moderate income housing authorized activities in accordance with the California Government Code and Section 33000 of the Health and Safety Code.
  - \$16,316,355 – restricted for capital projects based on bond indentures, grant agreements, and other external parties.
  - \$11,193,429 – restricted for debt service repayment based on bond indentures and loan agreements.
  - \$6,090,920 – restricted for public works improvements as these monies are received from State and County allocations and local district assessments that have restrictions on their use.
  - \$2,304,603 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.
  - \$1,781,163 – restricted for public safety activities as these monies are received from developers, grant agreements and donations and must be used for specific purposes.
  - \$50,000 – restricted for operating a commercial building owned by the City and managed by a third party. The third party management agreement requires the City to maintain a minimum working capital balance of \$50,000 with the management company.
3. **Committed Fund Balances.** Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council's formal action to establish committed funds, and to rescind committed funds, is through passage of a resolution. The City currently has no committed fund balances.
4. **Assigned Fund Balances.** Assigned fund balances are intended for specific purposes but do not require an action by City Council. Although City Council can assign funds, this is generally performed by the City Manager and/or Administrative Services Director.

The City has \$5,302,036 in total assigned fund balance. Of this total, assignments have been made for reducing the outstanding PERS side fund (\$2,650,000), closing the fiscal year 2014/15 budget gap (\$1,277,656), future debt service related to Big League Dreams lease revenue bonds (\$713,436), ongoing capital projects (\$657,996), and supporting the Live Arts program (\$2,948).

5. **Unassigned Fund Balances.** Unassigned fund balance is the residual classification for the general fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. No funds had a negative unassigned fund balance. The General Fund (as reported) had an unassigned fund balance of \$10,605,594.

#### **NOTE H – SUCCESSOR AGENCY TRUST FUNDS FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

Assembly Bill 1X 26 ("the Bill") dissolved all redevelopment agencies in the State of California effective February 1, 2012. This action impacted the reporting entity of the City of Cathedral City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the successor agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

1. **Cash and Investments.** Cash and investments reported in the accompanying financial statements as of June 30, 2014, are summarized in **Table 25** below.

Table 25

	Successor Agency Trust Funds
Cash and investments pooled with City	\$ 13,740,529
Restricted cash and investments	<u>11,290,367</u>
<b>Total Cash and Investments</b>	<b><u>\$ 25,030,896</u></b>

2. **Loans Receivable.** Loans receivable reported in the accompanying financial statements as of June 30, 2014, are summarized in **Table 26** below.

Table 26

Borrower	Loan Date	Loan Amount	Loan Term/ Due Date	Interest Rate	Payment Frequency	Outstanding Balance
Don & Sweet Sue's	04/20/10	\$ 362,850	04/19/15	7.00%	Lump sum <sup>1</sup>	\$ 469,458
Liberty Max	04/28/10	12,661	04/27/15	7.00%	Lump sum <sup>1</sup>	16,362
Outpost Tavern	04/30/10	227,500	04/29/15	7.00%	Lump sum <sup>1</sup>	293,905
Flooring Innovations	01/03/11	168,400	01/02/16	7.00%	Lump sum <sup>1</sup>	209,545
Cathedral Hotel Group, LP/Cathedral Group Ltd.	02/26/10	7,000,000	08/26/16	7.00%	Lump sum <sup>2</sup>	<u>9,154,639</u>
<b>Total</b>						<b><u>\$ 10,143,909</u></b>

<sup>1</sup> At end of loan term. In the event the term expires without an event of default occurring, the full loan and all accrued interest thereon will be forgiven.

<sup>2</sup> At end of loan term. If prior to the due date the Borrower has satisfied all release conditions, the note and all accrued interest thereon will be forgiven.

3. **Capital Assets.** Capital asset activity for the year ended June 30, 2014, is summarized in **Table 27**.

Table 27

	July 1	Additions	Deletions	Transfers	June 30
<b>Capital assets not being depreciated:</b>					
Land	\$ 61,043	-	-	-	61,043
<b>Total capital assets not being depreciated</b>	<b>61,043</b>	-	-	-	<b>61,043</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	3,781,341	-	-	-	3,781,341
<b>Total capital assets being depreciated</b>	<b>3,781,341</b>	-	-	-	<b>3,781,341</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(1,688,898)	(130,777)	-	-	(1,819,675)
<b>Total accumulated depreciation</b>	<b>(1,688,898)</b>	<b>(130,777)</b>	-	-	<b>(1,819,675)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,092,443</b>	<b>(130,777)</b>	-	-	<b>1,961,666</b>
<b>Total capital assets, net</b>	<b><u>\$ 2,153,486</u></b>	<b><u>(130,777)</u></b>	-	-	<b><u>2,022,709</u></b>

- 4. Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2014, is summarized in **Table 28** below.

**Table 28**

	Date	Amount	Interest Rate	Final Payment Date	Outstanding Balance
Loans payable:					
City of Cathedral City	08/14/13	\$ 271,311	Variable <sup>1</sup>	Installment <sup>2</sup>	\$ 271,311
Notes payable:					
CJR Investment Partnership	12/29/86	2,788,423	2% over Wells Fargo prime rate	11/22/27 <sup>3</sup>	11,869,508
Tax allocation bonds <sup>4</sup>					-
<b>Total</b>					<b>\$ 12,140,819</b>

<sup>1</sup> Interest rate is based on the rate earned by funds deposited into the Local Agency Investment Fund (LAIF), as it may be adjusted from time to time.

<sup>2</sup> Loan payments were due no later than February 15, 2014 and July 1, 2014.

<sup>3</sup> Any unpaid principal and interest owed by the former redevelopment agency will be forgiven at the end of the note term.

<sup>4</sup> Various tax allocation bonds were issued by the Public Financing Authority. The bond proceeds were either loaned to the former redevelopment agency or used to purchase tax allocation bonds issued simultaneously by the former redevelopment agency. In the Comprehensive Annual Financial Report, activity related to the tax allocation bonds has consistently been reported in the Public Financing Authority fund. Although the tax allocation bonds are also a debt of the former redevelopment agency, activity will continue to be reported under the Public Financing Authority to avoid reporting the same debt twice. Refer to **Note III-F.2** for a complete discussion of the outstanding tax allocation bonds.

On May 17, 2013, the California Department of Finance approved the Successor Agency's Recognized Obligation Payment Schedule (ROPS) 13-14A authorizing the distribution of Redevelopment Property Tax Trust Fund (RPTTF) monies of \$7,981,086. Riverside County distributed \$7,656,801 to the Successor Agency in June 2013. This resulted in a potential shortfall of \$324,285 to pay enforceable obligations. On August 14, 2013, the City approved a loan to the Successor Agency to the Cathedral City Redevelopment Agency in an amount not to exceed \$324,285. At December 31, 2013, the actual shortfall was \$271,311.

The loan was to be repaid in two installments: 50% of the amount (including interest) due no later than February 15, 2014, and the remaining 50% (including interest) due no later than July 1, 2014. Interest accrues on the loan at the rate earned by funds deposited into LAIF, as it may be adjusted from time to time. As of June 30, 2014, the entire amount of the loan remains outstanding as subsequent receipts of RPTTF monies have been insufficient to pay the loan balance.

- 5. Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2014, is summarized in **Table 29** below.

**Table 29**

	July 1	Additions	Deletions	June 30	Due within one year
Loans payable	\$ -	271,311	-	271,311	271,311
Notes payable	11,277,277	594,769	(2,538)	11,869,508	-
<b>Total</b>	<b>\$ 11,277,277</b>	<b>866,080</b>	<b>(2,538)</b>	<b>12,140,819</b>	<b>271,311</b>

- 6. Loan Guarantees.** On April 23, 2003, the former redevelopment agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the former redevelopment agency for a 14- screen multiplex theater complex (Mary Pickford Theatre) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the former redevelopment agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

In April 2009, Rolling Hills Silver Spur Pickford Theatre, LLC assumed the loan from MPT 1 Investors, LLC and MPT 2 Investors, LLC. In addition, MPT 1 Investors, LLC and MPT 2 Investors, LLC assigned all of its rights, title and interest as landlord under the lease agreement to Rolling Hills Silver Spur Pickford Theatre, LLC.

In June 2011, the second amendment to the Redevelopment Assistance Agreement was approved. This amendment extends the Agency guaranty for a period of five years (June 16, 2016 through June 15, 2021) at a maximum sum of \$500,000 per year. This extension was conditioned on an approved and executed disposition and development agreement (DDA). The DDA was not executed; therefore, the amendment is no longer effective.

As of June 30, 2014, there were 24 payments remaining on the original guarantee totaling \$2,395,824.

**7. Transfers.** Transfers report the nonreciprocal contribution from one fund to another.

Table 30

Transfers In	Transfers Out							Total
	Redevelopment Obligation Retirement	Successor Agency #1	Successor Agency #2	Successor Agency Administration	Successor Agency Project Areas	Successor Agency 2004 Series A TAB	Successor Agency 2005 Series A TAB MPA	
Redevelopment Obligation Retirement	\$ -	112	36	1,721	-	-	-	1,869
Successor Agency #3	6,572	-	-	-	-	-	-	6,572
Successor Agency Administration	464,078	-	-	-	-	-	-	464,078
Successor Agency Other	357,524	-	-	58,500	47,246	4,596	14,004	481,870
<b>Total</b>	<b>\$ 828,174</b>	<b>112</b>	<b>36</b>	<b>60,221</b>	<b>47,246</b>	<b>4,596</b>	<b>14,004</b>	<b>954,389</b>

**8. Commitments.** The former redevelopment agency made commitments for funding the following agreements:

- **Sun Trust Leasing Corporation.** On September 23, 2004, the City entered into a Master Lease Agreement with Sun Trust Leasing Corporation for the purpose of facilitating equipment lease/purchase/financing. Under the Master Lease Agreement, the City can enter into special equipment schedules for the purchase of necessary equipment or improvements. Upon payment completion of any equipment lease (financing), the equipment contained therein shall become the property of the City without further payment.

Equipment Schedule 001 was initiated on September 23, 2004, for \$2,753,500 for the financing of an energy savings project to install building lighting and window tinting in City Hall, solar electric panels on the top level of the parking garage and traffic LED with Honeywell. The former redevelopment agency committed to making the annual payments required under the lease agreement. Refer to **Note III-E.1** for additional information.

- **Motorola, Inc.** On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola, Inc. for the purpose of financing dispatch and subscriber equipment utilizing the ERICA (Eastern Riverside County Interoperable Communications Authority) backbone. Upon payment completion, the equipment contained therein shall become the property of the City without further payment. On April 1, 2009, the agreement was amended because of a scope reduction in the equipment required. The amendment

reduced the total price of the agreement and the payment schedule was modified accordingly. The former redevelopment agency committed to making the annual payments required under the agreement. Refer to **Note III-E.1** for additional information.

- **Cooperation Agreement with City for Administrative Services.** On January 26, 2011, the former redevelopment agency and the City entered into a cooperation agreement for the provision of staff support, office space on a full gross basis, janitorial support, administrative and financial support, human resource and legal support, as well as use of general office equipment and telephone and information services, use of pool vehicles, and use of meeting space. The initial cost for these services was \$2.6 million annually beginning in fiscal year 2010/11. This amount may be increased annually in accordance with increases in the Consumer Price Index for All Urban Consumers – Los Angeles, Riverside, Orange County Area (1967 = 100). Reimbursement is subject to the administrative cost limit of the Assembly Bill 1X 26, which is the greater of 3% of monies received from the Redevelopment Property Tax Trust Fund or \$250,000.
- **Grant Agreement with Downtown Foundation.** On January 17, 2011, the former redevelopment agency and the Downtown Foundation entered into a grant agreement whereby the former redevelopment agency will provide annual funding of \$400,000 to the Downtown Foundation through December 31, 2036 or as long as an operating deficit exists.
- **Owner Participation Agreements (OPA).** The former redevelopment agency entered into various owner participation agreements during its lifetime. No liabilities have been reflected in the accompanying financial statements at June 30, 2014, for the following agreements.

#### **Roberta's Limited Partnership/Garcadia Holdings, LLC**

On November 10, 2005, the former redevelopment agency and Roberta's Limited Partnership entered into an owner participation agreement granting the developer up to \$3 million to create new facilities for the Acura/Mazda dealerships and remodeling the existing facilities to serve the Toyota and Honda dealerships. Annual payments are equal to 50% of the incremental sales tax over the base year level (calendar year 2002). The annual payment will continue until the earlier of the date the assistance is paid in full, or the end of 12 years (June 30, 2017), whichever occurs first.

On September 24, 2008, Roberta's Limited Partnership entered into an agreement with Garcadia Holdings, LLC, directing the former redevelopment agency to make all payments due under the OPA to Garcadia Holdings, LLC.

#### **Palm Springs Motors**

On January 7, 2007, the former redevelopment agency and Palm Springs Motors entered into an owner participation agreement granting the developer up to \$1,000,000 to expand the automobile dealership. Payments are equal to 50% of the incremental sales tax for the particular calendar quarter, but cannot exceed the annual cap of \$250,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. The eligibility period is the earlier of the date the assistance is paid in full, or the thirteenth anniversary of the completion date, whether or not the assistance reaches the \$1,000,000 ceiling. The certificate of completion was issued on June 23, 2010. Therefore, the latest date for this agreement is June 23, 2023.

On June 23, 2010, Amendment No. 1 to the OPA with Palm Springs Motors modified certain terms and conditions of the original agreement. The payment schedule was modified to decrease the annual cap to \$105,000.



**Primaso, Inc.**

On March 9, 2011, the former redevelopment agency and Primaso, Inc. entered into an owner participation agreement granting the developer up to \$500,000 to upgrade and remodel the existing facility to commence operation of a Fiat dealer. Payments are equal to 50% of the annual sales tax as defined, but cannot exceed the annual cap of \$50,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. Annual payments will continue until the assistance is paid in full, or ten years from the commencement of the payment period. The payment period will commence one year from the date on which the new Fiat dealership has been fully open and operating.

**City Urban Revitalization Corporation (CURC)**

On January 17, 2011, the former redevelopment agency and CURC entered into an owner participation agreement granting the developer up to \$250 million in available bond proceeds and existing and future tax increment monies to develop various projects in the Downtown Area. Disbursal of funds will be authorized only following approval of specific projects and activities that are consistent with the former redevelopment agency's Implementation Plan.

On February 23, 2011, the former redevelopment agency and CURC entered into Amendment No. 1 to the agreement. The amendment only clarified use of the proceeds and did not commit any additional financial resources.

- 9. Insurance.** The Successor Agency is covered under the City of Cathedral City's insurance policies. Additional information as to coverage and self-insurance retentions can be found in **Note IV-A**.

## **IV. OTHER NOTE DISCLOSURES**

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**NOTE A – RISK MANAGEMENT**

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-two participating member agencies with equal governing and no management authority. The City of Cathedral City joined PERMA on July 25, 1985, for the purpose of long-term premium stability. The City participates in the general liability and worker's compensation coverage programs of PERMA.

PERMA's general liability program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority.

PERMA's workers' compensation program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention of \$250,000. Excess insurance coverage is limited to statutory levels for workers' compensation and \$5 million for employer's liability.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$2,344,955 at June 30, 2014. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

Changes in claims liabilities for the past two years are summarized in **Table 31** below.

**Table 31**

Year	Beginning Balance	Claims Incurred/ Changes in Estimates	Claims Payments	Ending Balance
2012-13	\$ 3,206,815	1,679,811	(1,392,105)	3,494,521
2013-14	3,494,521	96,751	(1,246,317)	2,344,955

<sup>1</sup> Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates amounts have been combined.

## NOTE B – PENSION PLANS

The City has two pension plans covering substantially all employees of the primary government as follows:

- Miscellaneous Plan of the City of Cathedral City
- Safety Plans for the City of Cathedral City (police and fire)

**1. Plan Descriptions.** The following are brief descriptions of the retirement plans. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information on the plans.

The City's defined benefit pension plans, the Miscellaneous Plan of the City of Cathedral City ("Miscellaneous Plan") and the Safety Plans for the City of Cathedral City ("Safety Plans"), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan and Safety Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

During fiscal year 2011/12, the Miscellaneous Plan converted from an agent multiple-employer defined benefit plan to a cost-sharing multiple-employer defined benefit plan. The Safety Plans are also cost-sharing multiple-employer defined benefit plans. The Miscellaneous Plan and the Safety Plans participate in risk pooling, which consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members.

CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

**2. Pension Plans' Funding Policy and Annual Pension Cost.** Miscellaneous Plan participants (ASFCME, Non-Represented) are required to contribute 6.25% - 7% of their annual covered salary. Non-represented employees are contributing an additional 5.2% through June 30, 2014. The City has a multiple tier retirement plan with benefits varying by plan.

- 1<sup>st</sup> Tier – The retirement formula is 2% at age 55 for employees hired before November 25, 2012. The employees pay their share (7%) of contributions on their behalf and for their account.

- 2<sup>nd</sup> Tier – The retirement formula is 2% at age 60 for employees hired on or after November 25, 2012. The employees pay their share (7%) of contributions on their behalf and for their account.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 62 for employees hired on or after January 1, 2013. The employees pay their share (6.25%) of contributions on their behalf and for their account.

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013/14 was 14.326% for miscellaneous employees.

The contribution requirements of the Miscellaneous Plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. For the year ended June 30, 2014, the City's actual and contributed annual pension cost was \$718,184.

**Table 32** identifies the actuarial methods and assumptions related to the most recent actuarial valuation available at the time of financial report preparation.

**Table 32**

**Actuarial Methods and Assumptions – Miscellaneous Plan**

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years (as of the valuation date)
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Inflation	2.75%
Projected salary increases	3.30% to 14.20% (depending on age, service and type of employment)
Payroll growth	3.00%
Individual salary growth	Merit scale varying by duration of employment coupled with an assumed inflation growth of 2.75% and an annual production growth of 0.25%.

Three-year trend information for the Miscellaneous Plan is summarized in **Table 33** below.

**Table 33**

**Three-year Trend Information – Miscellaneous Plan**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
June 30, 2012	\$ 914,058	100.00%
June 30, 2013	684,007	100.00%
June 30, 2014	718,184	100.00%

Safety Plan participants are required to contribute 7% - 11.5% of their annual covered salary. The City has a multiple tier retirement plan with benefits varying by plan.

Police (CCPOA, CCPMA)

- 1<sup>st</sup> Tier – The retirement formula is 3% at age 55 for employees hired before January 1, 2013. The employees pay their share (9%) of contributions on their behalf and for their account.

- 2<sup>nd</sup> Tier – The retirement formula is 2.7% at age 57 for employees hired on or after January 1, 2013. The employees pay their share (11.5%) of contributions on their behalf and for their account.

#### Fire (CCFMA, CCPFA)

- 1<sup>st</sup> Tier – The retirement formula is 3% at age 55 for employees hired before November 25, 2012. The employees pay their share (9%) of contributions on their behalf and for their account.
- 2<sup>nd</sup> Tier – The retirement formula is 2% at age 55 for employees hired on or after November 25, 2012. The employees pay their share (7%) of contributions on their behalf and for their account.
- 3<sup>rd</sup> Tier – The retirement formula is 2% at age 57 for employees hired on or after January 1, 2013. The employees pay their share (9.5%) of contributions on their behalf and for their account.

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013/14 was 31.628% for safety (police) and 24.552% for safety (fire). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

For fiscal year 2013/14, the City's actual and contributed employer required contributions for the Safety plans were \$2,111,311. The required contribution for fiscal year 2013/14 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

**Table 34** on the following page identifies the actuarial methods and assumptions related to the most recent actuarial valuation available at the time of financial report preparation.

**Table 34**

#### **Actuarial Methods and Assumptions – Safety Plans (Police and Fire)**

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years (as of the valuation date)
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Inflation	2.75%
Projected salary increases	3.30% to 14.20% (depending on age, service and type of employment)
Payroll growth	3.00%
Individual salary growth	Merit scale varying by duration of employment coupled with an assumed inflation growth of 2.75% and an annual production growth of 0.25%.

Three-year trend information for the Safety Plans is summarized in **Table 35** below.

**Table 35**

#### **Three-year Trend Information – Safety Plans**

Fiscal Year Ended	Police		Fire	
	Employer Required Contribution	Percentage Contributed	Employer Required Contribution	Percentage Contributed
June 30, 2012	\$ 1,714,273	100.00%	1,057,898	100.00%
June 30, 2013	1,472,004	100.00%	863,274	100.00%
June 30, 2014	1,270,936	100.00%	840,375	100.00%

- 3. Employer Side Funds.** As required by State law, effective July 1, 2005, plans with either less than 100 active members or plans that fell below 100 active members at the valuation date were placed into risk pools as of the valuation date.

Active members in the Miscellaneous First Tier Plan fell from 114 in fiscal year 2010/11 to 87 in fiscal year 2011/12. As such, the plan was placed into a cost-sharing risk pool beginning in fiscal year 2011/12. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former plan, either by paying cash or by increasing its future contribution rates through a "side fund" offered by CalPERS. The City elected the "side fund" option. The "side fund" balances as of the June 30, 2012, actuarial valuation were \$4,546,193. The amortization of this balance is included in the required employer contribution rates determined by CalPERS. Beginning in fiscal year 2014/15, the percentage related to the amortization of the "side fund" included in the required employer contribution is 4.767%.

The City's Safety plans were terminated as of July 1, 2005, the implementation date of the State law, and the employees in those plans were required by CalPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former plans, either by paying cash or by increasing its future contribution rates through a "side fund" offered by CalPERS. The City elected the "side fund" option. The "side fund" balances as of the June 30, 2012, actuarial valuation were \$4,716,577 (police) and \$1,483,905 (fire), respectively. The amortization of these balances is included in the required employer contribution rates determined by CalPERS. The percentages related to the amortization of the "side fund" included in the required employer contribution rates are 9.959% (police) and 2.883% (fire), respectively. On December 31, 2013, payments of \$4,131,537 and \$1,445,984, respectively, were made to CalPERS to pay off the balances of the Safety plans' side funds.

#### NOTE C – OTHER POSTEMPLOYMENT BENEFITS

Substantially all full-time employees and their eligible dependents are eligible for post-retirement health care benefits under the CalPERS-sponsored health plans currently funded during the employees' active service.

- 1. Plan Description.** By Council resolution and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system may elect within four months after retirement to participate in such group health insurance policies as are provided by the City under the following conditions: (a) the unit member must have worked for the City at least 5 years prior to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution equivalent to the current amount provided for active unit members. In addition to the group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements. The plan is a single-employer defined benefit plan. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.
- 2. Funding Policy.** The plan is funded on a pay-as-you-go basis. There is no requirement imposed by CalPERS to contribute any amount beyond the pay-as-you-go contributions. No additional contributions have been made to date.

The amount necessary to fund future benefits is based on projections from the January 1, 2011, actuarial study completed by Bartel Associates, LLC in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.



For the year ended June 30, 2014, the City made contributions totaling \$1,155,958, of which \$1,155,958 represented current contributions. There were no premium contributions paid by retirees that exceeded the monthly contribution established by the City.

- 3. Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**Table 36** summarizes the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Table 36

Annual required contribution	\$ 5,862,495
Interest on net OPEB obligation	896,282
Adjustment to annual required contribution	<u>(1,852,495)</u>
<b>Annual OPEB cost</b>	<b>4,906,282</b>
Employer contributions	<u>(1,155,958)</u>
<b>Increase in net OPEB obligation</b>	<b>3,750,324</b>
Net OPEB obligation, July 1	<u>22,985,016</u>
<b>Net OPEB obligation, June 30</b>	<b>\$ 26,735,340</b>

The net OPEB obligation of \$26,735,340 is included as a noncurrent liability on the Statement of Net Position. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the previous two years are shown in **Table 37** below.

Table 37

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual Cost OPEB Contributions	Net OPEB Obligation
06/30/12	\$ 6,518,907	761,032	11.7%	19,207,674
06/30/13	4,741,033	963,691	20.3%	22,985,016
06/30/14	4,906,282	1,155,958	23.6%	26,735,340

- 4. Funded Status and Funding Progress.** The funded status for the year ended June 30, 2014, is summarized in **Table 38** (as of January 1, 2011, the most recent actuarial valuation date).

Table 38

**OPEB**

June 30, 2014

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
\$ 43,186,000	\$ -	\$ 43,186,000	0.0%	\$ 17,108,000	252.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with

past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following these notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- 5. Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations as summarized in **Table 39**.

**Table 39**

**Actuarial Methods and Assumptions – OPEB**

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years (as of June 30, 2014)
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation	3.00%
Projected salary increases	3.25%
Healthcare cost trend	8.5% (non-Medicare) and 8.9% (Medicare), reduced each year until an ultimate rate of 5.0% is reached after 10 years
Retirement age	59.1 (miscellaneous employees), 56.0 (public safety-police), and 56.6 (public safety-fire)

**NOTE D – JOINTLY GOVERNED ORGANIZATION**

On July 16, 2008, the City joined with the cities of Indio, Palm Springs, Beaumont and Desert Hot Springs to create the Eastern Riverside County Interoperable Communications Authority (ERICA) by a joint exercise of powers agreement under the laws of the State of California. The primary purpose of ERICA is to acquire, plan, design, finance, construct, operate, and maintain a regional communications system serving the Coachella Valley and individual political jurisdictions therein. ERICA is governed by a Board of Directors, which consists of one official of the governing body of each member agency, who shall be appointed by the governing body. The debts, liabilities, and obligations of ERICA do not constitute debts, liabilities, or obligations of the member agencies, either jointly or severally.

During the year ended June 30, 2014, the City reimbursed the City of Indio \$114,398 for its proportional share of ongoing maintenance costs.

**NOTE E – CONTINGENCIES**

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in **Note IV-A**.

**NOTE F – RESTATEMENT OF BEGINNING BALANCES**

- 1. Beginning Fund Balance.** As of June 30, 2014, the beginning fund balance for the Solid Waste special revenue fund was restated for the following activity:

	<u>Solid Waste</u>	<u>Governmental Funds</u>
Beginning fund balance, as previously reported	\$ 182,071	62,738,842
Purchase of land incorrectly categorized as asset in governmental fund	<u>(46,770)</u>	<u>(46,770)</u>
<b>Beginning fund balance, as restated</b>	<b><u>\$ 135,301</u></b>	<b><u>62,692,072</u></b>

In fiscal years 2003/04 and 2004/05, several parcels of land were recorded as “land held for resale” (assets held for disposition) in the Solid Waste fund. A review of these parcels identified them as being purchased in 2001 and they were to be used for City purposes. As a result, the beginning fund balance has been restated accordingly.

- 3. Beginning Net Position.** As of June 30, 2014, beginning net position was restated for the following activity:

Beginning net position, as previously reported	\$ (7,179,182)
Purchase of land already recorded as City asset	<u>(15,402)</u>
<b>Beginning net position, as restated</b>	<b><u>\$ (7,194,584)</u></b>

In fiscal years 2003/04 and 2004/05, several parcels of land were recorded as “land held for resale” (assets held for disposition) in the Solid Waste fund. A review of these parcels identified them as being purchased in 2001 and they were to be used for City purposes. Three of the parcels were recorded as a City asset at that time. Although the current adjustment would only require an adjustment between asset accounts (assets held for disposition and land), the beginning net position has been restated for the three parcels recorded in 2001.

**NOTE G – SUBSEQUENT EVENTS**

On September 18, 2014, the Successor Agency sold \$73,755,000 in tax allocation bonds and together with the net premium/discount, and other funds, refunded and redeemed \$79,030,000 of the Public Financing Authority/former redevelopment agency’s outstanding 2000 Tax Allocation Revenue Bonds – Series A (serial current interest senior bonds and term senior bonds), 2002 Tax Allocation Revenue Bonds – Series A, 2002 Tax Allocation Revenue Bonds – Series D (Housing), 2002 Tax Allocation Revenue Bonds – Series E (Housing), 2004 Tax Allocation Revenue Bonds – Series A, and 2005 Tax Allocation Revenue Bonds – Series A. The refunding plan and bond issuance were reviewed and approved by the California Department of Finance on July 11, 2014. The Successor Agency’s bond refundings are the first refunding bond issuances completed since the dissolution of all redevelopment agencies in the State.

The refunding plan consisted of three bond issuances: (1) Tax Allocation Revenue Refunding Bonds, Series 2014A; (2) Tax Allocation Housing Revenue Refunding Bonds, Series 2014B; and (3) Taxable Tax Allocation Housing Revenue Refunding Bonds, Series 2014C. The bonds were sold at a net premium/discount of \$7,982,126, which generated additional funds for the refunding program. In addition to refunding savings, the principal amount of bonds was reduced from \$79,030,000 to \$73,755,000. Total debt service was reduced by \$11,442,429 as a result of the refunding.

## Required Supplementary Information Budgetary Comparison Schedule — General Fund

For the Year Ended June 30, 2014

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive Negative
<b>Revenues</b>				
Taxes	\$ 23,828,619	23,828,619	25,010,769	1,182,150
Intergovernmental	-	-	60,948	60,948
Licenses and permits	840,000	840,000	969,943	129,943
Fines and forfeitures	325,000	325,000	190,053	(134,947)
Charges for services	2,878,000	2,878,000	3,440,479	562,479
Special assessments	5,255,041	5,255,041	5,257,896	2,855
Use of money and property	143,500	143,500	330,668	187,168
Contributions from other governments	439,791	439,791	470,992	31,201
Other revenue	130,000	130,000	225,710	95,710
<b>Total Revenues</b>	<b>33,839,951</b>	<b>33,839,951</b>	<b>35,957,458</b>	<b>2,117,507</b>
<b>Expenditures</b>				
Current:				
General government	6,454,720	8,520,248	8,439,067	81,181
Community development	1,533,787	1,533,787	1,541,778	(7,991)
Culture and recreation	206,050	216,951	213,152	3,799
Public safety	20,412,338	20,412,338	20,416,671	(4,333)
Public works	923,298	923,298	930,480	(7,182)
Capital outlay	12,000	148,850	136,850	12,000
Debt service:				
Principal	191,618	191,618	196,191	(4,573)
Interest	56,173	56,173	56,590	(417)
<b>Total Expenditures</b>	<b>29,789,984</b>	<b>32,003,263</b>	<b>31,930,779</b>	<b>72,484</b>
Excess of revenues over expenditures	4,049,967	1,836,688	4,026,679	2,189,991
<b>Other Financing Sources (Uses)</b>				
Transfers in	582,050	582,050	586,850	4,800
Transfers out	(107,488)	(107,488)	(96,619)	10,869
Issuance of debt	-	136,850	136,850	-
<b>Total Other Financing Sources (Uses)</b>	<b>474,562</b>	<b>611,412</b>	<b>627,081</b>	<b>15,669</b>
Net change in fund balance	4,524,529	2,448,100	4,653,760	2,205,660
Fund balance — July 1 (budgetary)	10,088,095	10,088,095	10,088,095	-
<b>Fund balance — June 30 (budgetary)</b>	<b>14,612,624</b>	<b>12,536,195</b>	<b>14,741,855</b>	<b>2,205,660</b>
<b>Adjustments to Conform to GAAP:</b>				
GASB Statement No. 54 reporting adjustments:				
Special Deposits fund balance			143,916	
Big League Dreams fund balance			4,101,739	
<b>Fund balance — June 30 (GAAP)</b>			<b>18,987,510</b>	

See note to required supplementary information.



## Required Supplementary Information Budgetary Comparison Schedule — Major Special Revenue Funds

For the Year Ended June 30, 2014

	Developer Fees			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive Negative
<b>Revenues</b>				
Development fees	\$ 90,433	90,433	46,944	(43,489)
Use of money and property	50	50	382	332
Other revenue	-	4,099	4,099	-
<b>Total Revenues</b>	<b>90,483</b>	<b>94,582</b>	<b>51,425</b>	<b>(43,157)</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Culture and recreation	3,433	7,532	34,432	(26,900)
Capital outlay	80,000	80,000	3,220	76,780
<b>Total Expenditures</b>	<b>83,433</b>	<b>87,532</b>	<b>37,652</b>	<b>49,880</b>
Excess of revenues over expenditures	7,050	7,050	13,773	6,723
Net change in fund balance	7,050	7,050	13,773	6,723
Fund balance — July 1 (budgetary)	18,988	18,988	18,988	-
<b>Fund balance — June 30 (budgetary)</b>	<b>26,038</b>	<b>26,038</b>	<b>32,761</b>	<b>6,723</b>

See note to required supplementary information.



Successor Housing Agency				
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-		-	-	<b>Revenues</b>
58,000	58,000	72,419	14,419	Development fees
56,700	56,700	121,761	65,061	Use of money and property
<b>114,700</b>	<b>114,700</b>	<b>194,180</b>	<b>79,480</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
52,859	52,859	113,503	(60,644)	Community development
-	-	-	-	Culture and recreation
-	-	-	-	Capital outlay
<b>52,859</b>	<b>52,859</b>	<b>113,503</b>	<b>(60,644)</b>	<b>Total Expenditures</b>
61,841	61,841	80,677	18,836	Excess of revenues over expenditures
61,841	61,841	80,677	18,836	Net change in fund balance
9,265,849	9,265,849	9,265,849	-	Fund balance — July 1 (budgetary)
<b>9,327,690</b>	<b>9,327,690</b>	<b>9,346,526</b>	<b>18,836</b>	<b>Fund balance — June 30 (budgetary)</b>

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

### NOTE A – BUDGETARY INFORMATION

- 1. Budgetary Data.** The City adopted a biennial budget for fiscal years 2013/14 and 2014/15 in May 2013. The budget was prepared on the modified accrual basis of accounting for the General Fund and special revenue funds. Budgetary data for the debt service and capital projects funds are not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to June 30 in odd numbered years and administer it after adoption. The annual appropriation limit is approved by City Council prior to the beginning of the annual budget period. All appropriations lapse at year-end.

The legal level for which expenditures are not to exceed appropriations is the fund level for all funds except the General Fund. The General Fund's legal level is the department level. The Administrative Services Director is authorized to adjust General Fund appropriations between departments or activities, provided that the total appropriations for each department does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director.

For reporting purposes, the General Fund includes the following funds: the General Fund (Fund 100), Big League Dreams (Fund 431) and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The latter two funds do not meet the fund type definitions included in GASB Statement No. 54 and are reported as part of the General Fund for GAAP reporting.

- 2. Annual Appropriations Limit.** Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2014, proceeds of taxes did not exceed appropriations.

### NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Budget basis expenditures (including transfers out) exceeded appropriations for the fund identified in the table below.

Fund	Fund Type	Appropriation	Expenditures and Transfers Out	Excess Over Appropriation
Successor to Housing Agency	Major – Special Revenue	\$ 52,859	\$ 111,503	\$ 60,644

The excess expenditures were the result of additional legal and professional services expenditures related to the disposition of housing property that was not originally anticipated.

## Required Supplementary Information — PERS Schedule of Funding Progress

June 30, 2014

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio - AVA	Annual Covered Payroll	UL as a % of Payroll
<b>June 30, 2010</b>						
Miscellaneous	\$ 33,079,431	\$ 26,831,714	\$ 6,247,717	81.1%	\$ 8,063,828	77.5%
Safety <sup>1</sup>	NA	NA	NA	NA	NA	NA
<b>June 30, 2011</b>						
Miscellaneous	36,622,434	29,088,701	7,533,733	79.4%	7,384,564	102.0%
Safety <sup>1</sup>	NA	NA	NA	NA	NA	NA
<b>June 30, 2012</b>						
Miscellaneous <sup>2</sup>	NA	NA	NA	NA	NA	NA
Safety <sup>1</sup>	NA	NA	NA	NA	NA	NA

<sup>1</sup> The Safety Plans are cost-sharing multiple-employer defined benefit plans.

<sup>2</sup> In fiscal year 2011/12, the Miscellaneous Plan was converted to a cost-sharing multiple-employer defined benefit plan.  
Refer to Note IV-B of the Notes to the Financial Statements.

## Required Supplementary Information — OPEB Schedule of Funding Progress

June 30, 2014

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Payroll
January 1, 2007	\$ 31,713,000	\$ -	\$ 31,713,000	0.0%	\$ 15,283,000	207.5%
January 1, 2009	42,192,000	-	42,192,000	0.0%	18,731,000	225.3%
January 1, 2011	43,186,000	-	43,186,000	0.0%	17,108,000	252.4%

# GOVERNMENTAL FUNDS









## Combining Schedule of Accounts — General Fund

June 30, 2014

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
<b>Assets</b>				
Cash and investments	\$ 13,138,295	594,019	800,888	14,533,202
Interest receivable	14,820	667	900	16,387
Accounts receivable	3,561,270	118,750	5,035	3,685,055
Loans receivable	271,311	3,388,303	-	3,659,614
Interfund receivable	519	-	-	519
Prepaid assets	28,262	-	-	28,262
<b>Total Assets</b>	<b>\$ 17,014,477</b>	<b>4,101,739</b>	<b>806,823</b>	<b>21,923,039</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,096,071	-	26,911	1,122,982
Deposits from others	4,934	-	635,996	640,930
Interfund payable	271,311	-	-	271,311
Unearned revenue	47,084	-	-	47,084
<b>Total Liabilities</b>	<b>1,419,400</b>	<b>-</b>	<b>662,907</b>	<b>2,082,307</b>
Deferred Inflow of Resources:				
Unavailable revenue	853,222	-	-	853,222
<b>Total Deferred Inflow of Resources</b>	<b>853,222</b>	<b>-</b>	<b>-</b>	<b>853,222</b>
Fund Balances:				
Nonspendable	28,262	-	-	28,262
Restricted	321,311	3,388,303	-	3,709,614
Assigned	3,930,604	713,436	-	4,644,040
Unassigned	10,461,678	-	143,916	10,605,594
<b>Total Fund Balances</b>	<b>14,741,855</b>	<b>4,101,739</b>	<b>143,916</b>	<b>18,987,510</b>
<b>Total Liabilities, Deferred Inflows, of Resources and Fund Balances</b>	<b>\$ 17,014,477</b>	<b>4,101,739</b>	<b>806,823</b>	<b>21,923,039</b>

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — General Fund

For the Year Ended June 30, 2014

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
<b>Revenues</b>				
Taxes	\$ 25,010,769	-	-	25,010,769
Intergovernmental	60,948	-	-	60,948
Licenses and permits	969,943	-	-	969,943
Fines and forfeitures	190,053	-	-	190,053
Charges for services	3,440,479	-	-	3,440,479
Special assessments	5,257,896	-	-	5,257,896
Use of money and property	330,668	381,108	6,997	718,773
Contributions from other governments	470,992	-	-	470,992
Other revenue	225,710	-	-	225,710
<b>Total Revenues</b>	<b>35,957,458</b>	<b>381,108</b>	<b>6,997</b>	<b>36,345,563</b>
<b>Expenditures</b>				
Current:				
General government	8,439,067	-	-	8,439,067
Community development	1,541,778	-	-	1,541,778
Culture and recreation	213,152	6,038	-	219,190
Public safety	20,416,671	-	-	20,416,671
Public works	930,480	-	-	930,480
Capital outlay	136,850	-	-	136,850
Debt service:				
Principal	196,191	-	-	196,191
Interest	56,590	-	-	56,590
<b>Total Expenditures</b>	<b>31,930,779</b>	<b>6,038</b>	<b>-</b>	<b>31,936,817</b>
Excess of revenues over expenditures	4,026,679	375,070	6,997	4,408,746
<b>Other Financing Sources (Uses)</b>				
Transfers in	586,850	-	-	586,850
Transfers out	(96,619)	(504,694)	-	(601,313)
Issuance of debt	136,850	-	-	136,850
<b>Total Other Financing Sources (Uses)</b>	<b>627,081</b>	<b>(504,694)</b>	<b>-</b>	<b>122,387</b>
Net change in fund balances	4,653,760	(129,624)	6,997	4,531,133
Fund balances — July 1	10,088,095	4,231,363	136,919	14,456,377
<b>Fund Balances — June 30</b>	<b>\$ 14,741,855</b>	<b>4,101,739</b>	<b>143,916</b>	<b>18,987,510</b>

## Schedule of Expenditures Compared with Authorizations — General Fund

For the Year Ended June 30, 2014

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Administration</b>				
City Council	\$ 138,051	138,051	131,682	6,369
City Clerk	100,773	165,632	162,283	3,349
City Attorney	103,000	103,000	61,164	41,836
City Management	1,060,136	1,240,805	1,237,046	3,759
Administrative Services	4,102,442	4,259,292	4,243,808	15,484
Nondepartmental	1,149,093	2,952,093	2,947,143	4,950
<b>Community Development</b>				
Development Services	1,449,212	1,449,212	1,446,462	2,750
Public Works	1,236,429	1,244,330	1,241,391	2,939
<b>Public Safety</b>				
Police	13,237,568	13,237,568	13,236,851	717
Fire	7,320,768	7,320,768	7,319,568	1,200
Subtotal	29,897,472	32,110,751	32,027,398	83,353
Less: Transfers	(107,488)	(107,488)	(96,619)	(10,869)
<b>Total</b>	<b>29,789,984</b>	<b>32,003,263</b>	<b>31,930,779</b>	<b>72,484</b>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

1. **Master Underground Plan.** Accounts for the cost of burying above ground utility lines. Financing is provided by developer fees.
2. **TDA SB821.** Accounts for the revenue and expenditures under the Transportation Development Act (TDA) Article 3 Riverside County Transportation Commission (RCTC) approved projects. Projects are funded by the RCTC.
3. **Traffic Safety.** Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.
4. **State Gas Tax.** Accounts for street improvements and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes.
5. **Air Quality Improvement.** Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.
6. **Community Development Block Grant.** Accounts for projects designated in the grant. Financing is provided by the U.S. Department of Housing and Urban Development.
7. **Asset Forfeiture.** Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.
8. **Police Grants.** Accounts for revenues and expenditures related to state and federal grants for the City's Police Department.
9. **Police Department Special Revenues.** Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.
10. **Fire Department Special Revenues.** Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City's Fire Department projects.
11. **Landscape and Lighting District.** Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance to the zones within the district.
12. **Measure A.** Accounts for revenues provided by the County of Riverside Measure A. These funds are used for street improvements and engineering costs.
13. **Transfer Station Road.** Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.
14. **Energy and Efficiency Block Grant.** Accounts for projects designated in the grant. Financing is provided by the U.S. Department of Energy.

- 15. Solid Waste.** Accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.

### DEBT SERVICE FUNDS

Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt.

- 1. 2004 Series A Limited Obligation Bonds.** Accounts for principal and interest payments on the Limited Obligation Improvement Bonds.

### CAPITAL PROJECTS FUNDS

Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

- 1. Police and Fire Facilities.** Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developer fees.
- 2. Traffic Signalization.** Accounts for the installation of traffic signals. Financing is provided by developer fees.
- 3. Assessment District 85-1.** Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 4. Assessment District 86-1.** Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 5. Assessment District 86-5.** Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 6. Assessment District 87-2.** Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 7. Assessment District 88-2.** Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 8. Assessment District 88-3.** Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 9. Assessment District 96-1.** Accounts for improvements within Assessment District 96-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 10. Assessment District 2001-01.** Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 11. CFD Rio Vista.** Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.
- 12. Assessment District 2003-01.** Accounts for improvements within Assessment District 2003-01. Financing is provided from the Limited Obligation Improvement Bonds issued.



- 13. Assessment District 2004-01.** Accounts for improvements within Assessment District 2004-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 14. Assessment District 2004-02.** Accounts for improvements within Assessment District 2004-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

## Combining Balance Sheet — Nonmajor Governmental Funds by Fund Type

June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 9,484,158	-	8,600,201	18,084,359
Receivables:				
Interest	10,654	-	4,948	15,602
Accounts	693,672	-	41,595	735,267
Restricted assets:				
Cash and investments with fiscal agent	-	1,387,301	975,865	2,363,166
<b>Total Assets</b>	<b>\$ 10,188,484</b>	<b>1,387,301</b>	<b>9,622,609</b>	<b>21,198,394</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 206,319	-	1,940	208,259
Intergovernmental payable	10,140	-	-	10,140
Interfund payable	519	-	-	519
<b>Total Liabilities</b>	<b>216,978</b>	<b>-</b>	<b>1,940</b>	<b>218,918</b>
Fund Balances:				
Restricted	9,971,506	1,387,301	9,620,669	20,979,476
<b>Total Fund Balances</b>	<b>9,971,506</b>	<b>1,387,301</b>	<b>9,620,669</b>	<b>20,979,476</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,188,484</b>	<b>1,387,301</b>	<b>9,622,609</b>	<b>21,198,394</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds by Fund Type

For the Year Ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 3,442,783	-	-	3,442,783
Fines and forfeitures	296,685	-	-	296,685
Charges for services	1,061,847	-	-	1,061,847
Special assessments	455,246	-	41,595	496,841
Development fees	11,735	-	15,300	27,035
Use of money and property	81,825	(62)	27,880	109,643
Contributions from property owners	-	232,810	4,298,980	4,531,790
Other revenue	99,149	-	-	99,149
<b>Total Revenues</b>	<b>5,449,270</b>	<b>232,748</b>	<b>4,383,755</b>	<b>10,065,773</b>
<b>Expenditures</b>				
Current:				
Community development	783,459	1,332,657	2,421	2,118,537
Public safety	475,654	-	4,464	480,118
Public works	1,810,341	-	-	1,810,341
Capital outlay	96,207	-	522,530	618,737
Debt service:				
Principal	-	200,000	-	200,000
Interest	-	170,918	-	170,918
<b>Total Expenditures</b>	<b>3,165,661</b>	<b>1,703,575</b>	<b>529,415</b>	<b>5,398,651</b>
Excess (deficiency) of revenues over (under) expenditures	2,283,609	(1,470,827)	3,854,340	4,667,122
<b>Other Financing Sources (Uses)</b>				
Transfers in	263,012	387,112	-	650,124
Transfers out	(793,693)	-	-	(793,693)
<b>Total Other Financing Sources (Uses)</b>	<b>(530,681)</b>	<b>387,112</b>	<b>-</b>	<b>(143,569)</b>
Net change in fund balances	1,752,928	(1,083,715)	3,854,340	4,523,553
Fund balances — July 1 (as restated)	8,218,578	2,471,016	5,766,329	16,455,923
<b>Fund Balances — June 30</b>	<b>\$ 9,971,506</b>	<b>1,387,301</b>	<b>9,620,669</b>	<b>20,979,476</b>

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**Combining Balance Sheet — Nonmajor Special Revenue Funds**

June 30, 2014

	Master Underground Plan	TDA SB821	Traffic Safety	State Gas Tax
<b>Assets</b>				
Cash and investments	\$ 1,570,289	49	899,364	3,471,688
Receivables:				
Interest	1,764	-	1,010	3,896
Accounts	84,489	-	22,411	157,781
<b>Total Assets</b>	<b>\$ 1,656,542</b>	<b>49</b>	<b>922,785</b>	<b>3,633,365</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	12,395	30,024
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>12,395</b>	<b>30,024</b>
Fund Balances:				
Restricted	1,656,542	49	910,390	3,603,341
<b>Total Fund Balances</b>	<b>1,656,542</b>	<b>49</b>	<b>910,390</b>	<b>3,603,341</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,656,542</b>	<b>49</b>	<b>922,785</b>	<b>3,633,365</b>

Air Quality Improvement	Community Development Block Grant	Asset Forfeiture	Police Grants	
261,473	-	247,499	63,791	<b>Assets</b>
				Cash and investments
294	-	278	72	Receivables:
16,900	9,309	-	16,667	Interest
<b>278,667</b>	<b>9,309</b>	<b>247,777</b>	<b>80,530</b>	Accounts
				<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
1,170	4,471	-	258	Accounts payable
10,140	-	-	-	Intergovernmental payable
-	519	-	-	Interfund payable
<b>11,310</b>	<b>4,990</b>	<b>-</b>	<b>258</b>	<b>Total Liabilities</b>
				Fund Balances:
267,357	4,319	247,777	80,272	Restricted
<b>267,357</b>	<b>4,319</b>	<b>247,777</b>	<b>80,272</b>	<b>Total Fund Balances</b>
<b>278,667</b>	<b>9,309</b>	<b>247,777</b>	<b>80,530</b>	<b>Total Liabilities and Fund Balances</b>

continued



**Combining Balance Sheet — Nonmajor Special Revenue Funds (continued)**

June 30, 2014

	Police Department Special Revenues	Fire Department Special Revenues	Landscape and Lighting District	Measure A
<b>Assets</b>				
Cash and investments	\$ 413,870	96,014	174,000	762,302
Receivables:				
Interest	464	108	195	861
Accounts	2,468	7,633	5,529	199,800
<b>Total Assets</b>	<b>\$ 416,802</b>	<b>103,755</b>	<b>179,724</b>	<b>962,963</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 5,803	3,612	15,451	63,579
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	-
<b>Total Liabilities</b>	<b>5,803</b>	<b>3,612</b>	<b>15,451</b>	<b>63,579</b>
Fund Balances:				
Restricted	410,999	100,143	164,273	899,384
<b>Total Fund Balances</b>	<b>410,999</b>	<b>100,143</b>	<b>164,273</b>	<b>899,384</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 416,802</b>	<b>103,755</b>	<b>179,724</b>	<b>962,963</b>

Transfer Station Road	Energy and Efficiency Block Grant	Solid Waste	Total	
1,084,497	87,169	352,153	9,484,158	<b>Assets</b>
				Cash and investments
				Receivables:
1,218	98	396	10,654	Interest
70,850	-	99,835	693,672	Accounts
<b>1,156,565</b>	<b>87,267</b>	<b>452,384</b>	<b>10,188,484</b>	<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
-	-	69,556	206,319	Accounts payable
-	-	-	10,140	Intergovernmental payable
-	-	-	519	Interfund payable
<b>-</b>	<b>-</b>	<b>69,556</b>	<b>216,978</b>	<b>Total Liabilities</b>
				Fund Balances:
1,156,565	87,267	382,828	9,971,506	Restricted
<b>1,156,565</b>	<b>87,267</b>	<b>382,828</b>	<b>9,971,506</b>	<b>Total Fund Balances</b>
<b>1,156,565</b>	<b>87,267</b>	<b>452,384</b>	<b>10,188,484</b>	<b>Total Liabilities and Fund Balances</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Special Revenue Funds

For the Year Ended June 30, 2014

	Master Underground Plan	TDA SB821	Traffic Safety	State Gas Tax
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	1,646,773
Fines and forfeitures	-	-	296,685	-
Charges for services	-	-	-	1,573
Special assessments	-	-	-	-
Development fees	11,735	-	-	-
Use of money and property	13,757	-	7,847	29,990
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>25,492</b>	<b>-</b>	<b>304,532</b>	<b>1,678,336</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	6
Public safety	-	-	195,039	-
Public works	-	-	-	799,292
Capital outlay	-	-	13,848	51,833
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>208,887</b>	<b>851,131</b>
Excess (deficiency) of revenues over (under) expenditures	25,492	-	95,645	827,205
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	82,982
Transfers out	-	-	(75,086)	(71,404)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(75,086)</b>	<b>11,578</b>
Net change in fund balances	25,492	-	20,559	838,783
Fund balances (deficits) — July 1 (as restated)	1,631,050	49	889,831	2,764,558
<b>Fund Balances — June 30</b>	<b>1,656,542</b>	<b>49</b>	<b>910,390</b>	<b>3,603,341</b>

Air Quality Improvement	Community Development Block Grant	Asset Forfeiture	Police Grants	
50,996	166,605	-	242,252	<b>Revenues</b>
-	-	-	-	Intergovernmental
-	-	-	-	Fines and forfeitures
-	-	-	-	Charges for services
-	-	-	-	Special assessments
-	-	-	-	Development fees
2,347	5	2,149	769	Use of money and property
-	3,652	-	-	Other revenue
<b>53,343</b>	<b>170,262</b>	<b>2,149</b>	<b>243,021</b>	<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	145,258	-	-	Community development
-	-	5,523	139,635	Public safety
17,000	-	-	-	Public works
-	4,760	-	-	Capital outlay
<b>17,000</b>	<b>150,018</b>	<b>5,523</b>	<b>139,635</b>	<b>Total Expenditures</b>
36,343	20,244	(3,374)	103,386	Excess (deficiency) of revenues over (under) expenditures
				<b>Other Financing Sources (Uses)</b>
-	-	-	-	Transfers in
(25,000)	(15,713)	-	(97,537)	Transfers out
<b>(25,000)</b>	<b>(15,713)</b>	<b>-</b>	<b>(97,537)</b>	<b>Total Other Financing Sources (Uses)</b>
11,343	4,531	(3,374)	5,849	Net change in fund balances
256,014	(212)	251,151	74,423	Fund balances (deficits) — July 1 (as restated)
<b>267,357</b>	<b>4,319</b>	<b>247,777</b>	<b>80,272</b>	<b>Fund Balances — June 30</b>

continued

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Police Department Special Revenues	Fire Department Special Revenues	Landscape and Lighting District	Measure A
<b>Revenues</b>				
Intergovernmental	\$ -	11,329	-	1,310,879
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	1,573
Special assessments	-	-	455,246	-
Development fees	-	-	-	-
Use of money and property	3,646	692	466	6,902
Other revenue	51,739	28,046	-	-
<b>Total Revenues</b>	<b>55,385</b>	<b>40,067</b>	<b>455,712</b>	<b>1,319,354</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	113,586
Public safety	95,151	40,306	-	-
Public works	-	-	217,974	776,075
Capital outlay	-	-	-	25,766
<b>Total Expenditures</b>	<b>95,151</b>	<b>40,306</b>	<b>217,974</b>	<b>915,427</b>
Excess (deficiency) of revenues over (under) expenditures	(39,766)	(239)	237,738	403,927
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	96,619	82,982
Transfers out	(13,773)	(42,886)	(320,980)	(104,870)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,773)</b>	<b>(42,886)</b>	<b>(224,361)</b>	<b>(21,888)</b>
Net change in fund balances	(53,539)	(43,125)	13,377	382,039
Fund balances (deficits) — July 1 (as restated)	464,538	143,268	150,896	517,345
<b>Fund Balances — June 30</b>	<b>\$ 410,999</b>	<b>100,143</b>	<b>164,273</b>	<b>899,384</b>

Transfer Station Road	Energy and Efficiency Block Grant	Solid Waste	Total	
-	-	13,949	3,442,783	<b>Revenues</b>
-	-	-	296,685	Intergovernmental
300,447	-	758,254	1,061,847	Fines and forfeitures
-	-	-	455,246	Charges for services
-	-	-	11,735	Special assessments
9,646	788	2,821	81,825	Development fees
-	15,712	-	99,149	Use of money and property
<b>310,093</b>	<b>16,500</b>	<b>775,024</b>	<b>5,449,270</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	23,127	501,482	783,459	Community development
-	-	-	475,654	Public safety
-	-	-	1,810,341	Public works
-	-	-	96,207	Capital outlay
<b>-</b>	<b>23,127</b>	<b>501,482</b>	<b>3,165,661</b>	<b>Total Expenditures</b>
310,093	(6,627)	273,542	2,283,609	Excess (deficiency) of revenues over (under) expenditures
				<b>Other Financing Sources (Uses)</b>
-	-	429	263,012	Transfers in
-	-	(26,444)	(793,693)	Transfers out
<b>-</b>	<b>-</b>	<b>(26,015)</b>	<b>(530,681)</b>	<b>Total Other Financing Sources (Uses)</b>
310,093	(6,627)	247,527	1,752,928	Net change in fund balances
846,472	93,894	135,301	8,218,578	Fund balances (deficits) — July 1 (as restated)
<b>1,156,565</b>	<b>87,267</b>	<b>382,828</b>	<b>9,971,506</b>	<b>Fund Balances — June 30</b>



## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds

For the Year Ended June 30, 2014

	Master Underground Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Development fees	\$ 4,000	11,735	7,735
Use of money and property	8,000	13,757	5,757
<b>Total Revenues</b>	<b>12,000</b>	<b>25,492</b>	<b>13,492</b>
Excess of revenues over expenditures	12,000	25,492	13,492
Net change in fund balances	12,000	25,492	13,492
Fund balances — July 1	1,631,050	1,631,050	-
<b>Fund Balances — June 30</b>	<b>\$ 1,643,050</b>	<b>1,656,542</b>	<b>13,492</b>

TDA SB821			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	-	-	<b>Revenues</b>
-	-	-	Development fees
-	-	-	Use of money and property
-	-	-	<b>Total Revenues</b>
-	-	-	Excess of revenues over expenditures
-	-	-	Net change in fund balances
49	49	-	Fund balances — July 1
49	49	-	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

			Traffic Safety
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	-	-
Fines and forfeitures	275,000	296,685	21,685
Charges for services	-	-	-
Use of money and property	6,500	7,847	1,347
<b>Total Revenues</b>	<b>281,500</b>	<b>304,532</b>	<b>23,032</b>
<b>Expenditures</b>			
Current:			
Community development	-	-	-
Public safety	259,734	195,039	64,695
Public works	-	-	-
Capital outlay	48,200	13,848	34,352
<b>Total Expenditures</b>	<b>307,934</b>	<b>208,887</b>	<b>99,047</b>
Excess (deficiency) of revenues over (under) expenditures	(26,434)	95,645	122,079
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	(75,086)	(75,086)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(75,086)</b>	<b>(75,086)</b>	<b>-</b>
Net change in fund balances	(101,520)	20,559	122,079
Fund balances — July 1	889,831	889,831	-
<b>Fund Balances — June 30</b>	<b>\$ 788,311</b>	<b>910,390</b>	<b>122,079</b>

State Gas Tax			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
1,538,220	1,646,773	108,553	<b>Revenues</b>
-	-	-	Intergovernmental
-	1,573	1,573	Fines and forfeitures
15,250	29,990	14,740	Charges for services
<b>1,553,470</b>	<b>1,678,336</b>	<b>124,866</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	6	(6)	Community development
-	-	-	Public safety
911,228	799,292	111,936	Public works
-	51,833	(51,833)	Capital outlay
<b>911,228</b>	<b>851,131</b>	<b>60,097</b>	<b>Total Expenditures</b>
			Excess (deficiency) of revenues over (under) expenditures
642,242	827,205	184,963	
			<b>Other Financing Sources (Uses)</b>
44,569	82,982	38,413	Transfers in
(71,404)	(71,404)	-	Transfers out
<b>(26,835)</b>	<b>11,578</b>	<b>38,413</b>	<b>Total Other Financing Sources (Uses)</b>
			Net change in fund balances
615,407	838,783	223,376	Fund balances — July 1
2,764,558	2,764,558	-	
<b>3,379,965</b>	<b>3,603,341</b>	<b>223,376</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Air Quality Improvement		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 25,000	50,996	25,996
Use of money and property	1,750	2,347	597
Other revenue	-	-	-
<b>Total Revenues</b>	<b>26,750</b>	<b>53,343</b>	<b>26,593</b>
<b>Expenditures</b>			
Current:			
Community development	-	-	-
Public works	47,500	17,000	30,500
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>47,500</b>	<b>17,000</b>	<b>30,500</b>
Excess (deficiency) of revenues over (under) expenditures	(20,750)	36,343	57,093
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	(25,000)	(25,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(25,000)</b>	<b>(25,000)</b>
Net change in fund balances	(20,750)	11,343	32,093
Fund balances (deficits) — July 1	256,014	256,014	-
<b>Fund Balances (deficits) — June 30</b>	<b>\$ 235,264</b>	<b>267,357</b>	<b>32,093</b>

Community Development Block Grant			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
1,011,000	166,605	(844,395)	<b>Revenues</b>
-	5	5	Intergovernmental
-	3,652	3,652	Use of money and property
<b>1,011,000</b>	<b>170,262</b>	<b>(840,738)</b>	Other revenue
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
1,012,200	145,258	866,942	Community development
-	-	-	Public works
	4,760	(4,760)	Capital outlay
<b>1,012,200</b>	<b>150,018</b>	<b>862,182</b>	<b>Total Expenditures</b>
			Excess (deficiency) of revenues over (under) expenditures
(1,200)	20,244	21,444	
			<b>Other Financing Sources (Uses)</b>
1,200	-	(1,200)	Transfers in
-	(15,713)	(15,713)	Transfers out
<b>1,200</b>	<b>(15,713)</b>	<b>(16,913)</b>	<b>Total Other Financing Sources (Uses)</b>
			Net change in fund balances
-	4,531	4,531	Fund balances (deficits) — July 1
(212)	(212)	-	
<b>(212)</b>	<b>4,319</b>	<b>4,531</b>	<b>Fund Balances (deficits) — June 30</b>

continued



## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

			Asset Forfeiture
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	-	-
Use of money and property	1,700	2,149	449
<b>Total Revenues</b>	<b>1,700</b>	<b>2,149</b>	<b>449</b>
<b>Expenditures</b>			
Current:			
Public safety	-	5,523	(5,523)
<b>Total Expenditures</b>	<b>-</b>	<b>5,523</b>	<b>(5,523)</b>
Excess (deficiency) of revenues over (under) expenditures	1,700	(3,374)	(5,074)
<b>Other Financing (Uses)</b>			
Transfers out	-	-	-
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	1,700	(3,374)	(5,074)
Fund balances — July 1	251,151	251,151	-
<b>Fund Balances — June 30</b>	<b>\$ 252,851</b>	<b>247,777</b>	<b>(5,074)</b>

<b>Police Grants</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
299,288	242,252	(57,036)	<b>Revenues</b>
90	769	679	Intergovernmental
<b>299,378</b>	<b>243,021</b>	<b>(56,357)</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
107,288	139,635	(32,347)	Public safety
<b>107,288</b>	<b>139,635</b>	<b>(32,347)</b>	<b>Total Expenditures</b>
192,090	103,386	(88,704)	Excess (deficiency) of revenues over (under) expenditures
			<b>Other Financing (Uses)</b>
(92,000)	(97,537)	(5,537)	Transfers out
<b>(92,000)</b>	<b>(97,537)</b>	<b>(5,537)</b>	<b>Total Other Financing (Uses)</b>
100,090	5,849	(94,241)	Net change in fund balances
74,423	74,423	-	Fund balances — July 1
<b>174,513</b>	<b>80,272</b>	<b>(94,241)</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Police Department Special Revenues		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	-	-
Use of money and property	3,100	3,646	546
Other revenue	61,000	51,739	(9,261)
<b>Total Revenues</b>	<b>64,100</b>	<b>55,385</b>	<b>(8,715)</b>
<b>Expenditures</b>			
Current:			
Public safety	87,500	95,151	(7,651)
<b>Total Expenditures</b>	<b>87,500</b>	<b>95,151</b>	<b>(7,651)</b>
Excess (deficiency) of revenues over (under) expenditures	(23,400)	(39,766)	(16,366)
<b>Other Financing (Uses)</b>			
Transfers out	(2,000)	(13,773)	(11,773)
<b>Total Other Financing (Uses)</b>	<b>(2,000)</b>	<b>(13,773)</b>	<b>(11,773)</b>
Net change in fund balances	(25,400)	(53,539)	(28,139)
Fund balances — July 1	464,538	464,538	-
<b>Fund Balances — June 30</b>	<b>\$ 439,138</b>	<b>410,999</b>	<b>(28,139)</b>

Fire Department Special Revenues			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	11,329	11,329	<b>Revenues</b>
1,000	692	(308)	Intergovernmental
-	28,046	28,046	Use of money and property
<b>1,000</b>	<b>40,067</b>	<b>39,067</b>	Other revenue
			<b>Total Revenues</b>
			<b>Expenditures</b>
-	40,306	(40,306)	Current:
-	<b>40,306</b>	<b>(40,306)</b>	Public safety
			<b>Total Expenditures</b>
1,000	(239)	(1,239)	Excess (deficiency) of revenues over (under) expenditures
-	(42,886)	(42,886)	<b>Other Financing (Uses)</b>
-	<b>(42,886)</b>	<b>(42,886)</b>	Transfers out
			<b>Total Other Financing (Uses)</b>
1,000	(43,125)	(44,125)	Net change in fund balances
143,268	143,268	-	Fund balances — July 1
<b>144,268</b>	<b>100,143</b>	<b>(44,125)</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Landscape and Lighting District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Special assessments	479,767	455,246	(24,521)
Use of money and property	-	466	466
<b>Total Revenues</b>	<b>479,767</b>	<b>455,712</b>	<b>(24,055)</b>
<b>Expenditures</b>			
Current:			
Community development	-	-	-
Public works	220,245	217,974	2,271
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>220,245</b>	<b>217,974</b>	<b>2,271</b>
Excess (deficiency) of revenues over (under) expenditures	259,522	237,738	(21,784)
<b>Other Financing Sources (Uses)</b>			
Transfers in	106,288	96,619	(9,669)
Transfers out	(295,448)	(320,980)	(25,532)
<b>Total Other Financing Sources (Uses)</b>	<b>(189,160)</b>	<b>(224,361)</b>	<b>(35,201)</b>
Net change in fund balances	70,362	13,377	(56,985)
Fund balances — July 1	150,896	150,896	-
<b>Fund Balances — June 30</b>	<b>\$ 221,258</b>	<b>164,273</b>	<b>(56,985)</b>

Measure A			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
1,400,000	1,310,879	(89,121)	<b>Revenues</b>
-	1,573	1,573	Intergovernmental
-	-	-	Charges for services
2,200	6,902	4,702	Special assessments
<b>1,402,200</b>	<b>1,319,354</b>	<b>(82,846)</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
105,000	113,586	(8,586)	Community development
873,229	776,075	97,154	Public works
118,895	25,766	93,129	Capital outlay
<b>1,097,124</b>	<b>915,427</b>	<b>181,697</b>	<b>Total Expenditures</b>
			Excess (deficiency) of revenues over (under) expenditures
305,076	403,927	98,851	
			<b>Other Financing Sources (Uses)</b>
44,569	82,982	38,413	Transfers in
(88,000)	(104,870)	(16,870)	Transfers out
(43,431)	(21,888)	21,543	<b>Total Other Financing Sources (Uses)</b>
			Net change in fund balances
261,645	382,039	120,394	Fund balances — July 1
517,345	517,345	-	
<b>778,990</b>	<b>899,384</b>	<b>120,394</b>	<b>Fund Balances — June 30</b>

continued



## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Transfer Station Road		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 255,000	300,447	45,447
Use of money and property	4,000	9,646	5,646
Other revenue	-	-	-
<b>Total Revenues</b>	<b>259,000</b>	<b>310,093</b>	<b>51,093</b>
<b>Expenditures</b>			
Current:			
Community development	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	259,000	310,093	51,093
Net change in fund balances	259,000	310,093	51,093
Fund balances — July 1	846,472	846,472	-
<b>Fund Balances — June 30</b>	<b>\$ 1,105,472</b>	<b>1,156,565</b>	<b>51,093</b>

Energy and Efficiency Block Grant			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	-	-	<b>Revenues</b>
500	788	288	Charges for services
-	15,712	15,712	Use of money and property
<b>500</b>	<b>16,500</b>	<b>16,000</b>	Other revenue
			<b>Total Revenues</b>
			<b>Expenditures</b>
-	23,127	(23,127)	Current:
-	<b>23,127</b>	<b>(23,127)</b>	Community development
			<b>Total Expenditures</b>
500	(6,627)	(7,127)	Excess (deficiency) of revenues over (under) expenditures
500	(6,627)	(7,127)	Net change in fund balances
93,894	93,894	-	Fund balances — July 1
<b>94,394</b>	<b>87,267</b>	<b>(7,127)</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

			Solid Waste
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 14,000	13,949	(51)
Charges for services	725,000	758,254	33,254
Use of money and property	400	2,821	2,421
<b>Total Revenues</b>	<b>739,400</b>	<b>775,024</b>	<b>35,624</b>
<b>Expenditures</b>			
Current:			
Community development	504,551	501,482	3,069
<b>Total Expenditures</b>	<b>504,551</b>	<b>501,482</b>	<b>3,069</b>
Excess of revenues over expenditures	234,849	273,542	38,693
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	429	429
Transfers out	(27,250)	(26,444)	806
<b>Total Other Financing Sources (Uses)</b>	<b>(27,250)</b>	<b>(26,015)</b>	<b>1,235</b>
Net change in fund balances	207,599	247,527	39,928
Fund balances — July 1 (as restated)	135,301	135,301	-
<b>Fund Balances — June 30</b>	<b>\$ 342,900</b>	<b>382,828</b>	<b>39,928</b>

Special Deposits			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	-	-	<b>Revenues</b>
-	-	-	Intergovernmental
4,700	6,997	2,297	Charges for services
<b>4,700</b>	<b>6,997</b>	<b>2,297</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	Community development
-	-	-	<b>Total Expenditures</b>
4,700	6,997	2,297	Excess of revenues over expenditures
			<b>Other Financing Sources (Uses)</b>
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	<b>Total Other Financing Sources (Uses)</b>
4,700	6,997	2,297	Net change in fund balances
136,919	136,919	-	Fund balances — July 1 (as restated)
<b>141,619</b>	<b>143,916</b>	<b>2,297</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2014

	Big League Dreams		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Use of money and property	382,001	381,108	(893)
<b>Total Revenues</b>	<b>382,001</b>	<b>381,108</b>	<b>(893)</b>
<b>Expenditures</b>			
Current:			
Culture and recreation	5,100	6,038	(938)
<b>Total Expenditures</b>	<b>5,100</b>	<b>6,038</b>	<b>(938)</b>
Excess (deficiency) of revenues over (under) expenditures	376,901	375,070	(1,831)
<b>Other Financing (Uses)</b>			
Transfers out	(504,694)	(504,694)	-
<b>Total Other Financing (Uses)</b>	<b>(504,694)</b>	<b>(504,694)</b>	<b>-</b>
Net change in fund balances	(127,793)	(129,624)	(1,831)
Fund balances — July 1	4,231,363	4,231,363	-
<b>Fund Balances — June 30</b>	<b>\$ 4,103,570</b>	<b>4,101,739</b>	<b>(1,831)</b>

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Combining Balance Sheet — Nonmajor Debt Service Funds

June 30, 2014

	2004 Series A Ltd Obligation Bonds	Total
<b>Assets</b>		
Restricted assets:		
Cash and investments with fiscal agent	\$ 1,387,301	1,387,301
<b>Total Assets</b>	<b>\$ 1,387,301</b>	<b>1,387,301</b>
<b>Fund Balance</b>		
Restricted	\$ 1,387,301	1,387,301
<b>Total Fund Balance</b>	<b>\$ 1,387,301</b>	<b>1,387,301</b>



## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Debt Service Funds

For the Year Ended June 30, 2014

	2004 Series A Ltd Obligation Bonds	Total
<b>Revenues</b>		
Use of money and property	\$ (62)	(62)
Contributions from property owners	232,810	232,810
<b>Total Revenues</b>	<b>232,748</b>	<b>232,748</b>
<b>Expenditures</b>		
Current:		
Community development	1,332,657	1,332,657
Debt service:		
Principal	200,000	200,000
Interest	170,918	170,918
<b>Total Expenditures</b>	<b>1,703,575</b>	<b>1,703,575</b>
(Deficiency) of revenues (under) expenditures	(1,470,827)	(1,470,827)
<b>Other Financing Sources</b>		
Transfers in	387,112	387,112
<b>Total Other Financing Sources</b>	<b>387,112</b>	<b>387,112</b>
Net change in fund balance	(1,083,715)	(1,083,715)
Fund balance — July 1	2,471,016	2,471,016
<b>Fund balance — June 30</b>	<b>\$ 1,387,301</b>	<b>\$ 1,387,301</b>

**Combining Balance Sheet — Nonmajor Capital Projects Funds**

June 30, 2014

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Assets</b>				
Cash and investments	\$ 32,975	140,679	735,222	640,462
Receivables:				
Interest	37	158	826	720
Accounts	-	-	446	200
Restricted assets:				
Cash and investments held with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 33,012</b>	<b>140,837</b>	<b>736,494</b>	<b>641,382</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,430	-	99	75
<b>Total Liabilities</b>	<b>1,430</b>	<b>-</b>	<b>99</b>	<b>75</b>
Fund Balances:				
Restricted	31,582	140,837	736,395	641,307
<b>Total Fund Balances</b>	<b>31,582</b>	<b>140,837</b>	<b>736,395</b>	<b>641,307</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,012</b>	<b>140,837</b>	<b>736,494</b>	<b>641,382</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
688,184	12,403	497,584	1,656,786	<b>Assets</b>
				Cash and investments
773	14	559	1,861	Receivables:
759	-	-	40,190	Interest
				Accounts
				Restricted assets:
-	-	-	-	Cash and investments held with fiscal agent
<b>689,716</b>	<b>12,417</b>	<b>498,143</b>	<b>1,698,837</b>	<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
-	-	37	299	Accounts payable
-	-	<b>37</b>	<b>299</b>	<b>Total Liabilities</b>
				Fund Balances:
689,716	12,417	498,106	1,698,538	Restricted
<b>689,716</b>	<b>12,417</b>	<b>498,106</b>	<b>1,698,538</b>	<b>Total Fund Balances</b>
<b>689,716</b>	<b>12,417</b>	<b>498,143</b>	<b>1,698,837</b>	<b>Total Liabilities and Fund Balances</b>

continued

**Combining Balance Sheet — Nonmajor Capital Projects Funds (continued)**

June 30, 2014

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Assets</b>				
Cash and investments	\$ 208,339	\$ 123,120	120,196	361,581
Receivables:				
Interest	-	-	-	-
Accounts	-	-	-	-
Restricted assets:				
Cash and investments held with fiscal agent	-	99,804	123,960	752,101
<b>Total Assets</b>	<b>\$ 208,339</b>	<b>222,924</b>	<b>244,156</b>	<b>1,113,682</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Restricted	208,339	222,924	244,156	1,113,682
<b>Total Fund Balances</b>	<b>208,339</b>	<b>222,924</b>	<b>244,156</b>	<b>1,113,682</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 208,339</b>	<b>222,924</b>	<b>244,156</b>	<b>1,113,682</b>

Assessment District 2004-01	Assessment District 2004-02	Total	
541,153	2,841,517	8,600,201	Cash and investments
-	-	4,948	Receivables:
-	-	41,595	Interest
-	-	975,865	Accounts
<b>541,153</b>	<b>2,841,517</b>	<b>9,622,609</b>	Restricted assets:
			Cash and investments held with fiscal agent
			<b>Total Assets</b>
			<b>Liabilities and Fund Balances</b>
-	-	1,940	Liabilities:
-	-	<b>1,940</b>	Accounts payable
			<b>Total Liabilities</b>
541,153	2,841,517	9,620,669	Fund Balances:
<b>541,153</b>	<b>2,841,517</b>	<b>9,620,669</b>	Restricted
			<b>Total Fund Balances</b>
<b>541,153</b>	<b>2,841,517</b>	<b>9,622,609</b>	<b>Total Liabilities and Fund Balances</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Capital Projects Funds

For the Year Ended June 30, 2014

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Revenues</b>				
Special assessments	\$ -	-	446	200
Development fees	10,200	5,100	-	-
Use of money and property	303	1,227	4,578	3,988
Contributions from property owners	-	-	731,899	598,459
<b>Total Revenues</b>	<b>10,503</b>	<b>6,327</b>	<b>736,923</b>	<b>602,647</b>
<b>Expenditures</b>				
Current:				
Community development	-	65	2,321	35
Public safety	4,464	-	-	-
Capital outlay	-	-	99	522,095
<b>Total Expenditures</b>	<b>4,464</b>	<b>65</b>	<b>2,420</b>	<b>522,130</b>
Excess of revenues over expenditures	6,039	6,262	734,503	80,517
Net change in fund balances	6,039	6,262	734,503	80,517
Fund balances — July 1	25,543	134,575	1,892	560,790
<b>Fund Balances — June 30</b>	<b>\$ 31,582</b>	<b>140,837</b>	<b>736,395</b>	<b>641,307</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
759	-	-	40,190	<b>Revenues</b>
-	-	-	-	Special assessments
4,285	77	3,098	10,316	Development fees
631,678	304	494,257	1,634,044	Use of money and property
<b>636,722</b>	<b>381</b>	<b>497,355</b>	<b>1,684,550</b>	Contributions from property owners
				<b>Total Revenues</b>
				<b>Expenditures</b>
-	-	-	-	Current:
-	-	-	-	Community development
-	-	37	299	Public safety
<b>-</b>	<b>-</b>	<b>37</b>	<b>299</b>	Capital outlay
				<b>Total Expenditures</b>
636,722	381	497,318	1,684,251	Excess of revenues over expenditures
636,722	381	497,318	1,684,251	Net change in fund balances
52,994	12,036	788	14,287	Fund balances — July 1
<b>689,716</b>	<b>12,417</b>	<b>498,106</b>	<b>1,698,538</b>	<b>Fund Balances — June 30</b>

continued



## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Capital Projects Funds (continued)

For the Year Ended June 30, 2014

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Revenues</b>				
Special assessments	\$ -	-	-	-
Development fees	-	-	-	-
Use of money and property	-	-	-	8
Contributions from property owners	208,339	-	-	-
<b>Total Revenues</b>	<b>208,339</b>	<b>-</b>	<b>-</b>	<b>8</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	208,339	-	-	8
Net change in fund balances	208,339	-	-	8
Fund balances — July 1	-	222,924	244,156	1,113,674
<b>Fund Balances — June 30</b>	<b>\$ 208,339</b>	<b>222,924</b>	<b>244,156</b>	<b>1,113,682</b>

Assessment District 2004-01	Assessment District 2004-02	Total
-	-	41,595
-	-	15,300
-	-	27,880
-	-	4,298,980
-	-	<b>4,383,755</b>
-	-	
-	-	2,421
-	-	4,464
-	-	522,530
-	-	<b>529,415</b>
-	-	
-	-	3,854,340
-	-	3,854,340
541,153	2,841,517	5,766,329
<b>541,153</b>	<b>2,841,517</b>	<b>9,620,669</b>

**Revenues**

Special assessments  
 Development fees  
 Use of money and property  
 Contributions from property owners

**Total Revenues****Expenditures**

Current:

Community development  
 Public safety  
 Capital outlay

**Total Expenditures**

Excess of revenues over expenditures

Net change in fund balances

Fund balances — July 1

**Fund Balances — June 30**

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# PROPRIETARY FUNDS







## PROPRIETARY FUNDS

### INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

- 1. Equipment Replacement.** Accounts for costs of maintaining and providing for replacement of the City's vehicles and equipment. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
- 2. Insurance.** Accounts for costs related to the City's insurance coverages, including employee benefits. Premium costs, self-insured claim losses, liability claims and other administrative costs are reported in this fund. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
- 3. Technology.** Accounts for reserves set aside for the future acquisition and replacement of technology software used throughout the City. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
- 4. Facilities.** Accounts for reserves set aside for the future replacement of major building components. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

**Combining Statement of Net Position — Internal Service Funds**

June 30, 2014

	Equipment Replacement	Insurance	Technology
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,623,349	7,518,044	637,421
Receivables:			
Interest	2,952	8,446	716
Accounts	145,024	132,022	-
Deposits with PERMA	-	1,483,893	-
Prepaid assets	804,067	1,319	-
Inventories	37,451	-	-
<b>Total Current Assets</b>	<b>3,612,843</b>	<b>9,143,724</b>	<b>638,137</b>
Noncurrent assets:			
Capital assets:			
Vehicles and equipment	7,331,203	-	-
Accumulated depreciation	(5,697,615)	-	-
Net capital assets	1,633,588	-	-
<b>Total Noncurrent Assets</b>	<b>1,633,588</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>5,246,431</b>	<b>9,143,724</b>	<b>638,137</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,757	65,052	22
Claims payable	-	1,000,000	-
Unearned revenue	-	1,311	-
<b>Total Current Liabilities</b>	<b>6,757</b>	<b>1,066,363</b>	<b>22</b>
Noncurrent liabilities:			
Claims payable	-	1,344,955	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>1,344,955</b>	<b>-</b>
<b>Total Liabilities</b>	<b>6,757</b>	<b>2,411,318</b>	<b>22</b>
<b>Net Position</b>			
Net investment in capital assets	1,633,588	-	-
Unrestricted	3,606,086	6,732,406	638,115
<b>Total Net Position</b>	<b>\$ 5,239,674</b>	<b>6,732,406</b>	<b>638,115</b>



Facilities	Total	
		<b>Assets</b>
		Current assets:
1,260,548	12,039,362	Cash and investments
		Receivables:
1,417	13,531	Interest
-	277,046	Accounts
-	1,483,893	Deposits with PERMA
-	805,386	Prepaid assets
-	37,451	Inventories
<b>1,261,965</b>	<b>14,656,669</b>	<b>Total Current Assets</b>
		Noncurrent assets:
		Capital assets:
-	7,331,203	Vehicles and equipment
-	(5,697,615)	Accumulated depreciation
-	1,633,588	Net capital assets
-	<b>1,633,588</b>	<b>Total Noncurrent Assets</b>
<b>1,261,965</b>	<b>16,290,257</b>	<b>Total Assets</b>
		<b>Liabilities</b>
		Current liabilities:
-	71,831	Accounts payable
-	1,000,000	Claims payable
-	1,311	Unearned revenue
-	<b>1,073,142</b>	<b>Total Current Liabilities</b>
		Noncurrent liabilities:
-	1,344,955	Claims payable
-	<b>1,344,955</b>	<b>Total Noncurrent Liabilities</b>
-	<b>2,418,097</b>	<b>Total Liabilities</b>
		<b>Net Position</b>
-	1,633,588	Net investment in capital assets
1,261,965	12,238,572	Unrestricted
<b>1,261,965</b>	<b>13,872,160</b>	<b>Total Net Position</b>

## Combining Statement of Revenues, Expenses, and Changes in Net Position — Internal Service Funds

For the Year Ended June 30, 2014

	Equipment Replacement	Insurance	Technology
<b>Operating Revenues</b>			
Charges for services	\$ 525,000	8,789,975	20,279
Other revenue	145,024	101,958	-
<b>Total Operating Revenues</b>	<b>670,024</b>	<b>8,891,933</b>	<b>20,279</b>
<b>Operating Expenses</b>			
Insurance claims and expenses	-	10,299,528	-
Minor equipment	-	-	2,818
Depreciation	512,155	-	-
<b>Total Operating Expenses</b>	<b>512,155</b>	<b>10,299,528</b>	<b>2,818</b>
Operating income (loss)	157,869	(1,407,595)	17,461
<b>Nonoperating Revenues (Expenses)</b>			
Interest and investment income	19,627	82,390	5,543
Loss on sale of capital assets	(14,438)	-	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>5,189</b>	<b>82,390</b>	<b>5,543</b>
Income (loss) before transfers	163,058	(1,325,205)	23,004
Transfers in	40,450	-	-
Change in net position	203,508	(1,325,205)	23,004
Net position — July 1	5,036,166	8,057,611	615,111
<b>Net Position — June 30</b>	<b>\$ 5,239,674</b>	<b>6,732,406</b>	<b>638,115</b>

Facilities	Total	
		<b>Operating Revenues</b>
-	9,335,254	Charges for services
-	246,982	Other revenue
-	<b>9,582,236</b>	<b>Total Operating Revenues</b>
		<b>Operating Expenses</b>
-	10,299,528	Insurance claims and expenses
-	2,818	Minor equipment
-	512,155	Depreciation
-	<b>10,814,501</b>	<b>Total Operating Expenses</b>
-	(1,232,265)	Operating income (loss)
		<b>Nonoperating Revenues (Expenses)</b>
10,960	118,520	Interest and investment income
-	(14,438)	Loss on sale of capital assets
<b>10,960</b>	<b>104,082</b>	<b>Net Nonoperating Revenues (Expenses)</b>
10,960	(1,128,183)	Income (loss) before transfers
-	40,450	Transfers in
10,960	(1,087,733)	Change in net position
1,251,005	14,959,893	Net position — July 1
<b>1,261,965</b>	<b>13,872,160</b>	<b>Net Position — June 30</b>

**Combining Statement of Cash Flows — Internal Service Funds**

For the Year Ended June 30, 2014

	Equipment Replacement	Insurance	Technology
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and user departments	\$ 883,436	8,890,055	20,301
Payments to suppliers for goods and services	(673,706)	(11,107,808)	(2,818)
Other receipts	-	47,488	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>209,730</b>	<b>(2,170,265)</b>	<b>17,483</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	40,450	-	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>40,450</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital asset acquisitions	(972,452)	-	-
Proceeds from the sale of capital assets	30,316	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(942,136)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>			
Interest received	20,984	86,503	5,630
<b>Net Cash Provided by Investing Activities</b>	<b>20,984</b>	<b>86,503</b>	<b>5,630</b>
Net increase (decrease) in cash and cash equivalents	(670,972)	(2,083,762)	23,113
Cash and cash equivalents — July 1	3,294,321	9,601,806	614,308
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 2,623,349</b>	<b>7,518,044</b>	<b>637,421</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 157,869	(1,407,595)	17,461
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	512,155	-	-
Accounts receivable	(131,588)	(55,649)	-
Deposits with PERMA	-	94,115	-
Prepaid assets	(222,458)	368,793	-
Inventories	(21,220)	-	-
Accounts payable	(85,028)	(16,157)	22
Unearned revenue	-	(4,206)	-
Claims payable	-	(1,149,566)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 209,730</b>	<b>(2,170,265)</b>	<b>17,483</b>

Facilities	Total	
		<b>Cash Flows From Operating Activities</b>
-	9,793,792	Receipts from customers and user departments
-	(11,784,332)	Payments to suppliers for goods and services
-	47,488	Other receipts
-	<b>(1,943,052)</b>	<b>Net Cash Provided (Used) by Operating Activities</b>
		<b>Cash Flows From Noncapital Financing Activities</b>
-	40,450	Transfers in
-	<b>40,450</b>	<b>Net Cash Provided by Noncapital Financing Activities</b>
		<b>Cash Flows From Capital and Related Financing Activities</b>
-	(972,452)	Capital asset acquisitions
-	30,316	Proceeds from the sale of capital assets
-	<b>(942,136)</b>	<b>Net Cash (Used) by Capital and Related Financing Activities</b>
		<b>Cash Flows From Investing Activities</b>
11,177	124,294	Interest received
<b>11,177</b>	<b>124,294</b>	<b>Net Cash Provided by Investing Activities</b>
11,177	(2,720,444)	Net increase (decrease) in cash and cash equivalents
1,249,371	14,759,806	Cash and cash equivalents — July 1
<b>1,260,548</b>	<b>12,039,362</b>	<b>Cash and Cash Equivalents — June 30</b>
		<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>
-	(1,232,265)	Operating income (loss)
		Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
-	512,155	Depreciation
-	(187,237)	Accounts receivable
-	94,115	Deposits with PERMA
-	146,335	Prepaid assets
-	(21,220)	Inventories
-	(101,163)	Accounts payable
-	(4,206)	Unearned revenue
-	(1,149,566)	Claims payable
-	<b>(1,943,052)</b>	<b>Net Cash Provided (Used) by Operating Activities</b>

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# FIDUCIARY FUNDS







## FIDUCIARY FUNDS

Fiduciary funds are trust and agency funds that account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include pension and other employee benefit trust funds, external investment trust funds, private-purpose trust funds, and agency funds. The City does not maintain any pension and other employee benefit trust fund or external investment trust funds.

### PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds report all other trust arrangements under which the principal and income benefits individuals, private organizations or other governments. The City's private-purpose trust funds account for the assets, liabilities, and activities of the Successor Agency to the City's former redevelopment agency.

1. **Redevelopment Obligation Retirement.** Accounts for property taxes received to pay enforceable obligations and administrative overhead costs approved on the Recognized Obligation Payment Schedule (ROPS).
2. **Successor Agency #1.** Accounts for contributions to the Public Financing Authority for principal and interest payments on long-term debt of the former redevelopment agency.
3. **Successor Agency #2.** Accounts for contributions to the Public Financing Authority for principal and interest payments on long-term debt of the former redevelopment agency.
4. **Successor Agency #3.** Accounts for contributions to the Public Financing Authority for principal and interest payments on long-term debt of the former redevelopment agency.
5. **Successor Agency 2002 D TAB Housing Bonds.** Accounts for contributions to the Public Financing Authority for principal and interest payments on the 2002 Tax Allocation Bonds, Series D (long-term debt of the former redevelopment agency).
6. **Successor Agency 2002 E TAB Housing Bonds.** Accounts for contributions to the Public Financing Authority for principal and interest payments on the 2002 Tax Allocation Bonds, Series E (long-term debt of the former redevelopment agency).
7. **Successor Agency Administration.** Accounts for administrative overhead costs subject to the percentage limitation established by AB 1X 26 in winding down the affairs of the former redevelopment agency.
8. **Successor Agency Other.** Accounts for other costs related to the payment of enforceable obligations of the former redevelopment agency.
9. **Successor Agency Project Areas.** Accounts for ROPS-approved uses of 2002 Tax Allocation Bonds, Series A (Merged Project Area) proceeds of the former redevelopment agency.
10. **Successor Agency 2004 Series A TAB.** Accounts for ROPS-approved uses of 2004 Tax Allocation Bonds, Series A proceeds of the former redevelopment agency.
11. **Successor Agency 2005 Series A TAB MPA.** Accounts for ROPS-approved uses of 2005 Tax Allocation Bonds, Series A (Merged Project Area) proceeds of the former redevelopment agency.
12. **Successor Agency 2007 Series A TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series A proceeds of the former redevelopment agency.

- 13. Successor Agency 2007 Series B TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series B proceeds of the former redevelopment agency.
- 14. Successor Agency 2007 Series C TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series C proceeds of the former redevelopment agency.
- 15. Successor Agency Housing Balance.** Accounts for the unencumbered fund balance of the former Low and Moderate Income Housing Fund.

## AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

- 1. Assessment District 85-1.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (1996).
- 2. Assessment District 86-1.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (1996).
- 3. Assessment District 86-5.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (1996).
- 4. Assessment District 87-2.** Accounts for the remaining monies on hand to be used for the benefit of homeowners in Assessment District 87-2.
- 5. Assessment District 88-2.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (1996).
- 6. Assessment District 88-3.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (1996).
- 7. Assessment District 96-1.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (2004).
- 8. Assessment District 2001-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds.
- 9. Rio Vista CFD.** Accounts for special assessments receipts and principal and interest payments on the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD 2000-1).
- 10. Assessment District 2003-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (35<sup>th</sup> Avenue).
- 11. Assessment District 2004-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).
- 12. Assessment District 2004-02.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

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## Combining Statement of Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

June 30, 2014

	Redevelopment Obligation Retirement	Successor Agency #1	Successor Agency #2	Successor Agency #3
<b>Assets</b>				
Cash and investments	\$ 10,928,689	-	-	-
Receivables:				
Interest	12,279	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	-
Prepaid assets	-	-	-	-
Restricted assets:				
Held with Successor Agency	-	-	-	-
Capital assets:				
Capital assets, not being depreciated	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-
Assets held for disposition	-	-	-	-
<b>Total Assets</b>	<b>10,940,968</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Deposits from others	-	-	-	-
Loans payable	271,311	-	-	-
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due in more than one year	-	-	-	-
<b>Total Liabilities</b>	<b>271,311</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Held in trust for other purposes	10,669,657	-	-	-
<b>Total Net Position</b>	<b>\$ 10,669,657</b>	<b>-</b>	<b>-</b>	<b>-</b>

Successor Agency 2002 D TAB Housing Bonds	Successor Agency 2002 E TAB Housing Bonds	Successor Agency Administration	Successor Agency Other	
-	-	30,025	9,101	<b>Assets</b>
-	-	34	10	Cash and investments
-	-	-	1,365	Receivables:
-	-	-	-	Interest
-	-	-	-	Accounts
-	-	-	-	Loans
-	-	-	-	Prepaid assets
-	-	-	-	Restricted assets:
-	-	-	-	Held with Successor Agency
-	-	-	61,043	Capital assets:
-	-	-	1,961,666	Capital assets, not being depreciated
-	-	-	230,807	Capital assets, net of accumulated depreciation
-	-	-	-	Assets held for disposition
-	-	<b>30,059</b>	<b>2,263,992</b>	<b>Total Assets</b>
-	-	29,622	10,419	<b>Liabilities</b>
-	-	-	-	Accounts payable
-	-	-	-	Deposits from others
-	-	-	-	Loans payable
-	-	-	-	Unearned revenue
-	-	-	11,869,508	Noncurrent liabilities:
-	-	-	-	Due in more than one year
-	-	<b>29,622</b>	<b>11,879,927</b>	<b>Total Liabilities</b>
-	-	437	(9,615,935)	<b>Net Position</b>
-	-	<b>437</b>	<b>(9,615,935)</b>	Held in trust for other purposes
-	-	-	-	<b>Total Net Position</b>

continued

# Combining Statement of Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds (continued)

June 30, 2014

	Successor Agency Project Areas	Successor Agency 2004 Series A TAB	Successor Agency 2005 Series A TAB MPA	Successor Agency 2007 Series A TAB
<b>Assets</b>				
Cash and investments	\$ 45,106	-	5,327	962,009
Receivables:				
Interest	51	-	6	2,498
Accounts	-	-	-	-
Loans	-	-	-	989,270
Prepaid assets	-	-	-	-
Restricted assets:				
Held with Successor Agency	-	-	-	2,572,681
Capital assets:				
Capital assets, not being depreciated	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-
Assets held for disposition	7,616,752	-	1,687,328	2,974,776
<b>Total Assets</b>	<b>7,661,909</b>	<b>-</b>	<b>1,692,661</b>	<b>7,501,234</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	59
Deposits from others	-	-	5,300	-
Loans payable	-	-	-	-
Unearned revenue	7,333	-	-	-
Noncurrent liabilities:				
Due in more than one year	-	-	-	-
<b>Total Liabilities</b>	<b>7,333</b>	<b>-</b>	<b>5,300</b>	<b>59</b>
<b>Net Position</b>				
Held in trust for other purposes	7,654,576	-	1,687,361	7,501,175
<b>Total Net Position</b>	<b>\$ 7,654,576</b>	<b>-</b>	<b>1,687,361</b>	<b>7,501,175</b>



Successor Agency 2007 Series B TAB	Successor Agency 2007 Series C TAB	Successor Agency Housing Balance	Total	
668,036	1,092,236	-	13,740,529	<b>Assets</b>
				Cash and investments
				Receivables:
4,524	2,466	-	21,868	Interest
-	-	-	1,365	Accounts
9,154,639	-	-	10,143,909	Loans
-	9,245	-	9,245	Prepaid assets
				Restricted assets:
6,656,064	2,061,622	-	11,290,367	Held with Successor Agency
				Capital assets:
-	-	-	61,043	Capital assets, not being depreciated
-	-	-	1,961,666	Capital assets, net of accumulated depreciation
15,165,732	3,031,488	-	30,706,883	Assets held for disposition
<b>31,648,995</b>	<b>6,197,057</b>	<b>-</b>	<b>67,936,875</b>	<b>Total Assets</b>
				<b>Liabilities</b>
59	-	-	40,159	Accounts payable
-	-	-	5,300	Deposits from others
-	-	-	271,311	Loans payable
-	-	-	7,333	Unearned revenue
				Noncurrent liabilities:
-	-	-	11,869,508	Due in more than one year
<b>59</b>	<b>-</b>	<b>-</b>	<b>12,193,611</b>	<b>Total Liabilities</b>
				<b>Net Position</b>
31,648,936	6,197,057	-	55,743,264	Held in trust for other purposes
<b>31,648,936</b>	<b>6,197,057</b>	<b>-</b>	<b>55,743,264</b>	<b>Total Net Position</b>

## Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

For the Year Ended June 30, 2014

	Redevelopment Obligation Retirement	Successor Agency #1	Successor Agency #2	Successor Agency #3
<b>Additions</b>				
Taxes	\$ 15,878,835	-	-	-
Use of money and property	32,592	-	(1,659)	(9,662)
<b>Total Additions</b>	<b>15,911,427</b>	<b>-</b>	<b>(1,659)</b>	<b>(9,662)</b>
<b>Deductions</b>				
Administrative expenses	-	-	-	-
Contractual services	40,802	-	-	-
Other operating expenses	-	-	-	-
Interest expense	-	-	-	-
Contributions to other governments	15,012,755	-	11,564	34,642
<b>Total Deductions</b>	<b>15,053,557</b>	<b>-</b>	<b>11,564</b>	<b>34,642</b>
<b>Transfers In (Out)</b>				
Transfers in	1,869	-	-	6,572
Transfers out	(828,174)	(112)	(36)	-
<b>Total Transfers In (Out)</b>	<b>(826,305)</b>	<b>(112)</b>	<b>(36)</b>	<b>6,572</b>
Change in net position	31,565	(112)	(13,259)	(37,732)
Net position — July 1	10,638,092	112	13,259	37,732
<b>Net Position — June 30</b>	<b>\$ 10,669,657</b>	<b>-</b>	<b>-</b>	<b>-</b>

Successor Agency 2002 D TAB Housing Bonds	Successor Agency 2002 E TAB Housing Bonds	Successor Agency Administration	Successor Agency Other	
-	-	-	-	<b>Additions</b>
2	3	299	38,650	Taxes
<b>2</b>	<b>3</b>	<b>299</b>	<b>38,650</b>	Use of money and property
				<b>Total Additions</b>
-	-	239,155	468,362	<b>Deductions</b>
-	-	-	15,107	Administrative expenses
-	-	-	61,044	Contractual services
-	-	-	594,769	Other operating expenses
1,519	2,415	223,201	-	Interest expense
<b>1,519</b>	<b>2,415</b>	<b>462,356</b>	<b>1,139,282</b>	Contributions to other governments
				<b>Total Deductions</b>
-	-	464,078	481,870	<b>Transfers In (Out)</b>
-	-	(60,221)	-	Transfers in
<b>-</b>	<b>-</b>	<b>403,857</b>	<b>481,870</b>	Transfers out
				<b>Total Transfers In (Out)</b>
(1,517)	(2,412)	(58,200)	(618,762)	Change in net position
1,517	2,412	58,637	(8,997,173)	Net position — July 1
<b>-</b>	<b>-</b>	<b>437</b>	<b>(9,615,935)</b>	<b>Net Position — June 30</b>

continued

## Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds (continued)

For the Year Ended June 30, 2014

	Successor Agency Project Areas	Successor Agency 2004 Series A TAB	Successor Agency 2005 Series A TAB MPA	Successor Agency 2007 Series A TAB
<b>Additions</b>				
Taxes	\$ -	-	-	-
Use of money and property	8,038	(821)	81	87,882
<b>Total Additions</b>	<b>8,038</b>	<b>(821)</b>	<b>81</b>	<b>87,882</b>
<b>Deductions</b>				
Administrative expenses	-	-	-	-
Contractual services	37,504	-	-	1,196,556
Other operating expenses	-	-	-	-
Interest expense	-	-	-	-
Contributions to other governments	768,699	220,000	-	1,682,374
<b>Total Deductions</b>	<b>806,203</b>	<b>220,000</b>	<b>-</b>	<b>2,878,930</b>
<b>Transfers In (Out)</b>				
Transfers in	-	-	-	-
Transfers out	(47,246)	(4,596)	(14,004)	-
<b>Total Transfers In (Out)</b>	<b>(47,246)</b>	<b>(4,596)</b>	<b>(14,004)</b>	<b>-</b>
Change in net position	(845,411)	(225,417)	(13,923)	(2,791,048)
Net position — July 1	8,499,987	225,417	1,701,284	10,292,223
<b>Net Position — June 30</b>	<b>\$ 7,654,576</b>	<b>-</b>	<b>1,687,361</b>	<b>7,501,175</b>

Successor Agency 2007 Series B TAB	Successor Agency 2007 Series C TAB	Successor Agency Housing Balance	Total	
-	-	-	15,878,835	<b>Additions</b>
522,805	4,989	(87)	683,112	Taxes
<b>522,805</b>	<b>4,989</b>	<b>(87)</b>	<b>16,561,947</b>	Use of money and property
				<b>Total Additions</b>
-	-	-	707,517	<b>Deductions</b>
7,601,524	5,375,576	-	14,267,069	Administrative expenses
-	-	-	61,044	Contractual services
-	-	-	594,769	Other operating expenses
1,000,000	-	23,129	18,980,298	Interest expense
<b>8,601,524</b>	<b>5,375,576</b>	<b>23,129</b>	<b>34,610,697</b>	Contributions to other governments
				<b>Total Deductions</b>
-	-	-	954,389	<b>Transfers In (Out)</b>
-	-	-	(954,389)	Transfers in
-	-	-	-	Transfers out
				<b>Total Transfers In (Out)</b>
(8,078,719)	(5,370,587)	(23,216)	(18,048,750)	Change in net position
39,727,655	11,567,644	23,216	73,792,014	Net position — July 1
<b>31,648,936</b>	<b>6,197,057</b>	<b>-</b>	<b>55,743,264</b>	<b>Net Position — June 30</b>

## Combining Statement of Changes in Assets and Liabilities — Agency Funds

For the Year Ended June 30, 2014

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 85-1</b>				
<b>Assets</b>				
Cash and investments	\$ 531,083	202,130	733,213	-
Receivables:				
Interest	697	-	697	-
Special assessments	21,168	-	21,168	-
<b>Total Assets</b>	<b>\$ 552,948</b>	<b>202,130</b>	<b>755,078</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 552,948	197,740	750,688	-
<b>Total Liabilities</b>	<b>\$ 552,948</b>	<b>197,740</b>	<b>750,688</b>	<b>-</b>
<b>Assessment District 86-1</b>				
<b>Assets</b>				
Cash and investments	\$ 213,076	387,390	600,466	-
Receivables:				
Interest	1,065	-	1,065	-
Special assessments	13,077	-	13,077	-
<b>Total Assets</b>	<b>\$ 227,218</b>	<b>387,390</b>	<b>614,608</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 227,218	380,515	607,733	-
<b>Total Liabilities</b>	<b>\$ 227,218</b>	<b>380,515</b>	<b>607,733</b>	<b>-</b>
<b>Assessment District 86-5</b>				
<b>Assets</b>				
Cash and investments	\$ 471,632	161,339	632,971	-
Receivables:				
Interest	686	-	686	-
Special assessments	3,896	-	3,896	-
<b>Total Assets</b>	<b>\$ 476,214</b>	<b>161,339</b>	<b>637,553</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 476,214	161,338	637,552	-
<b>Total Liabilities</b>	<b>\$ 476,214</b>	<b>161,338</b>	<b>637,552</b>	<b>-</b>
<b>Assessment District 87-2</b>				
<b>Assets</b>				
Cash and investments	\$ 257	77	334	-
Receivables:				
Interest	16	-	16	-
<b>Total Assets</b>	<b>\$ 273</b>	<b>77</b>	<b>350</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 273	77	350	-
<b>Total Liabilities</b>	<b>\$ 273</b>	<b>77</b>	<b>350</b>	<b>-</b>

continued

## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2014

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 88-2</b>				
<b>Assets</b>				
Cash and investments	\$ 376,148	119,038	495,186	-
Receivables:				
Interest	493	-	493	-
Special assessments	25,771	-	25,771	-
<b>Total Assets</b>	<b>\$ 402,412</b>	<b>119,038</b>	<b>521,450</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 402,412	115,731	518,143	-
<b>Total Liabilities</b>	<b>\$ 402,412</b>	<b>115,731</b>	<b>518,143</b>	<b>-</b>
<b>Assessment District 88-3</b>				
<b>Assets</b>				
Cash and investments	\$ 1,112,226	524,594	1,636,820	-
Receivables:				
Interest	1,474	-	1,474	-
Special assessments	25,896	-	25,896	-
<b>Total Assets</b>	<b>\$ 1,139,596</b>	<b>524,594</b>	<b>1,664,190</b>	<b>-</b>
<b>Liabilities</b>				
Due to bondholders	\$ 1,139,596	498,698	1,638,294	-
<b>Total Liabilities</b>	<b>\$ 1,139,596</b>	<b>498,698</b>	<b>1,638,294</b>	<b>-</b>
<b>Assessment District 96-1</b>				
<b>Assets</b>				
Cash and investments	\$ 798,137	639,844	729,489	708,492
Receivables:				
Interest	1,044	1,030	1,044	1,030
Special assessments	4,059,078	15,999	4,059,078	15,999
Restricted cash and investments:				
Held with fiscal agent	569,204	387,165	730,056	226,313
<b>Total Assets</b>	<b>\$ 5,427,463</b>	<b>1,044,038</b>	<b>5,519,667</b>	<b>951,834</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,038	499,457	499,482	1,013
Due to bondholders	5,426,425	433,812	4,909,416	950,821
<b>Total Liabilities</b>	<b>\$ 5,427,463</b>	<b>933,269</b>	<b>5,408,898</b>	<b>951,834</b>

continued



## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2014

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 2001-01</b>				
<b>Assets</b>				
Cash and investments	\$ 293,425	270,030	257,112	306,343
Receivables:				
Interest	545	483	545	483
Special assessments	2,564,910	3,311	2,565,454	2,767
Restricted cash and investments:				
Held with fiscal agent	252,795	244,912	244,912	252,795
<b>Total Assets</b>	<b>\$ 3,111,675</b>	<b>518,736</b>	<b>3,068,023</b>	<b>562,388</b>
<b>Liabilities</b>				
Accounts payable	\$ 245	251,018	251,182	81
Due to bondholders	3,111,430	268,066	2,817,189	562,307
<b>Total Liabilities</b>	<b>\$ 3,111,675</b>	<b>519,084</b>	<b>3,068,371</b>	<b>562,388</b>
<b>Rio Vista Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$ 100,036	432,278	438,547	93,767
Receivables:				
Interest	288	240	288	240
Special assessments	49,006	10,147	49,006	10,147
Restricted cash and investments:				
Held with fiscal agent	1,815,765	373,724	959,741	1,229,748
Assets held for disposition	-	33,096	-	33,096
<b>Total Assets</b>	<b>\$ 1,965,095</b>	<b>849,485</b>	<b>1,447,582</b>	<b>1,366,998</b>
<b>Liabilities</b>				
Accounts payable	\$ 7,881	434,680	431,772	10,789
Due to bondholders	1,957,214	1,689,445	2,290,450	1,356,209
<b>Total Liabilities</b>	<b>\$ 1,965,095</b>	<b>2,124,125</b>	<b>2,722,222</b>	<b>1,366,998</b>
<b>Assessment District 2003-01</b>				
<b>Assets</b>				
Cash and investments	\$ 487,249	476,201	447,015	516,435
Receivables:				
Interest	1,110	987	1,110	987
Special assessments	5,835,905	29,606	5,835,905	29,606
Restricted cash and investments:				
Held with fiscal agent	437,806	430,524	430,524	437,806
<b>Total Assets</b>	<b>\$ 6,762,070</b>	<b>937,318</b>	<b>6,714,554</b>	<b>984,834</b>
<b>Liabilities</b>				
Accounts payable	\$ 760	439,421	439,528	653
Due to bondholders	6,761,310	472,661	6,249,790	984,181
<b>Total Liabilities</b>	<b>\$ 6,762,070</b>	<b>912,082</b>	<b>6,689,318</b>	<b>984,834</b>

continued

## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2014

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 2004-01</b>				
<b>Assets</b>				
Cash and investments	\$ 500,582	473,602	434,091	540,093
Receivables:				
Interest	1,362	1,215	1,362	1,215
Special assessments	5,428,930	42,060	5,428,930	42,060
Restricted cash and investments:				
Held with fiscal agent	409,018	411,847	411,847	409,018
<b>Total Assets</b>	<b>\$ 6,339,892</b>	<b>928,724</b>	<b>6,276,230</b>	<b>992,386</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,563	423,067	423,454	1,176
Due to bondholders	6,338,329	474,479	5,821,598	991,210
<b>Total Liabilities</b>	<b>\$ 6,339,892</b>	<b>897,546</b>	<b>6,245,052</b>	<b>992,386</b>
<b>Assessment District 2004-02</b>				
<b>Assets</b>				
Cash and investments	\$ 1,794,072	2,283,855	2,335,014	1,742,913
Receivables:				
Interest	6,063	5,151	6,063	5,151
Special assessments	30,734,769	179,625	30,734,769	179,625
Restricted cash and investments:				
Held with fiscal agent	2,117,274	2,283,078	2,296,994	2,103,358
<b>Total Assets</b>	<b>\$ 34,652,178</b>	<b>4,751,709</b>	<b>35,372,840</b>	<b>4,031,047</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,264	2,301,277	2,301,595	1,946
Due to bondholders	34,649,914	2,360,437	32,981,250	4,029,101
<b>Total Liabilities</b>	<b>\$ 34,652,178</b>	<b>4,661,714</b>	<b>35,282,845</b>	<b>4,031,047</b>
<b>Total — All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 6,677,923	5,970,378	8,740,258	3,908,043
Receivables:				
Interest	14,843	9,106	14,843	9,106
Special assessments	48,762,406	280,748	48,762,950	280,204
Restricted cash and investments:				
Held with fiscal agent	5,601,862	4,131,250	5,074,074	4,659,038
Assets held for disposition	-	33,096	-	33,096
<b>Total Assets</b>	<b>\$ 61,057,034</b>	<b>10,424,578</b>	<b>62,592,125</b>	<b>8,889,487</b>
<b>Liabilities</b>				
Accounts payable	\$ 13,751	4,348,920	4,347,013	15,658
Due to bondholders	61,043,283	7,052,999	59,222,453	8,873,829
<b>Total Liabilities</b>	<b>\$ 61,057,034</b>	<b>11,401,919</b>	<b>63,569,466</b>	<b>8,889,487</b>

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STATISTICAL







## CONTENTS

This part of the City of Cathedral City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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### **160 FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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### **172 REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.

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### **184 DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

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### **194 DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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### **200 OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

## Net Position by Component

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 112,911	122,219	129,980	41,220	24,533
Restricted	98,648	125,460	167,404	153,335	145,226
Unrestricted	(109,324)	(102,049)	(127,461)	(44,705)	(35,330)
<b>Total governmental activities net position</b>	<b>\$ 102,235</b>	<b>145,630</b>	<b>169,923</b>	<b>149,850</b>	<b>134,429</b>
<b>Business-type activities (Note 8):</b>					
Net investment in capital assets	\$ -	-	62	40	21
Restricted	-	-	-	-	-
Unrestricted	-	-	27	18	16
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>-</b>	<b>89</b>	<b>58</b>	<b>37</b>
<b>Primary government:</b>					
Net investment in capital assets	\$ 112,911	122,219	130,042	41,260	24,554
Restricted	98,648	125,460	167,404	153,335	145,226
Unrestricted	(109,324)	(102,049)	(127,434)	(44,687)	(35,314)
<b>Total primary government net position</b>	<b>\$ 102,235</b>	<b>145,630</b>	<b>170,012</b>	<b>149,908</b>	<b>134,466</b>
			Note 1	Note 2	Note 3

### Notes to Schedule:

**Note 1:** Restated balances - includes prior period adjustment of \$1,742.

**Note 2:** Restated balances - includes prior period adjustment of (\$29,710).

**Note 3:** Restated balances - includes prior period adjustment of \$300.

**Note 4:** Restated balances - includes prior period adjustment of (\$163).

**Note 5:** Restated balances - includes prior period adjustment of (\$298).

**Note 6:** Restated balances - includes prior period adjustment of (\$4,986).

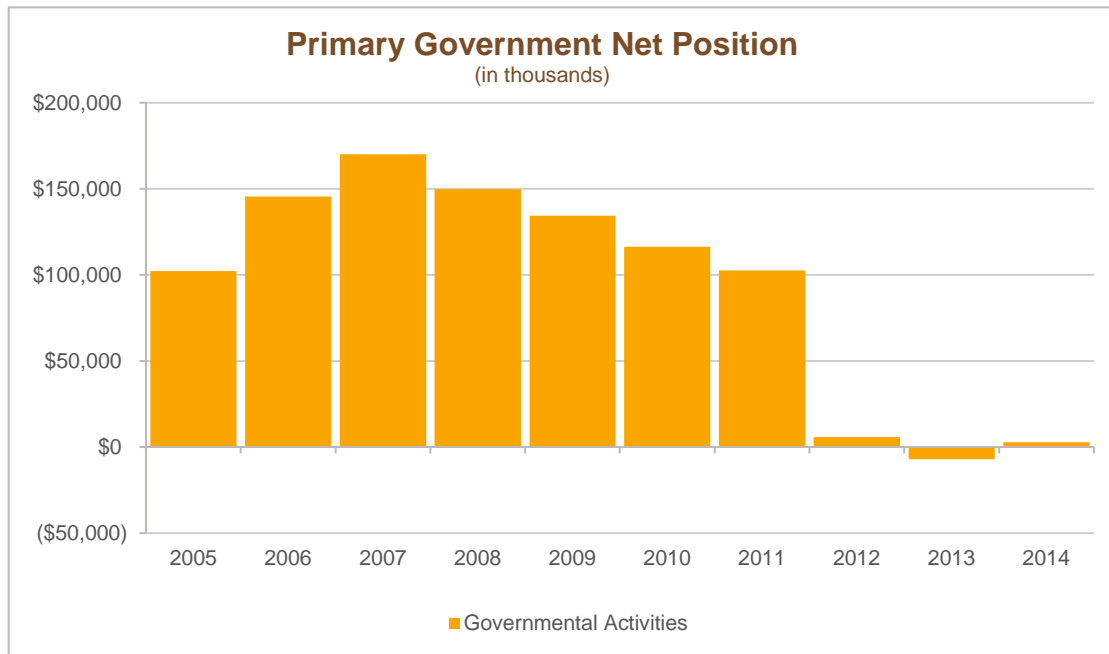
**Note 7:** Restated balances - includes prior period adjustment of (\$14).

**Note 8:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit.

**Source:** City of Cathedral City, Government-Wide Financial Statements



Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Governmental activities:</b>
38,381	25,065	97,876	95,005	95,321	Net investment in capital assets
118,320	128,802	65,952	51,116	58,199	Restricted
(40,627)	(51,202)	(158,167)	(153,315)	(150,840)	Unrestricted
<b>116,074</b>	<b>102,665</b>	<b>5,661</b>	<b>(7,194)</b>	<b>2,680</b>	<b>Total governmental activities net position</b>
					<b>Business-type activities (Note 8):</b>
20	-	-	-	-	Net investment in capital assets
-	-	-	-	-	Restricted
225	-	-	-	-	Unrestricted
<b>245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total business-type activities net position</b>
					<b>Primary government:</b>
38,401	25,065	97,876	95,005	95,321	Net investment in capital assets
118,320	128,802	65,952	51,116	58,199	Restricted
(40,402)	(51,202)	(158,167)	(153,315)	(150,840)	Unrestricted
<b>116,319</b>	<b>102,665</b>	<b>5,661</b>	<b>(7,194)</b>	<b>2,680</b>	<b>Total primary government net position</b>
Note 4	Note 5	Note 6	Note 7		



## Changes in Net Position

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 31,122	18,833	17,617	7,040	10,030
Community development	7,130	9,108	9,413	14,855	25,819
Culture and recreation	-	-	-	362	58
Public safety	15,433	17,006	19,703	21,556	25,160
Public works	2,879	5,351	4,960	4,874	6,608
Interest on long-term debt	6,156	5,113	8,070	13,856	12,190
<b>Total governmental activities</b>	<b>62,720</b>	<b>55,411</b>	<b>59,763</b>	<b>62,543</b>	<b>79,865</b>
<b>Business-type activities (Note 1):</b>					
Education	-	-	-	1,078	1,208
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,078</b>	<b>1,208</b>
<b>Total Primary Government Expenses</b>	<b>\$ 62,720</b>	<b>55,411</b>	<b>59,763</b>	<b>63,621</b>	<b>81,073</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	\$ 2,665	3,246	7,719	2,492	3,311
Community development	74	44	441	560	752
Culture and recreation	-	-	-	-	-
Public safety	1,934	1,988	1,957	2,591	2,622
Public works	606	606	600	361	310
Operating grants and contributions	4,798	6,955	4,091	3,881	3,421
Capital grants and contributions	354	-	10,237	3,180	2,379
<b>Total governmental activities program revenues</b>	<b>10,431</b>	<b>12,839</b>	<b>25,045</b>	<b>13,065</b>	<b>12,795</b>
<b>Business-type activities (Note 1):</b>					
Charges for services:					
Education	-	-	-	743	937
Operating grants and contributions	-	-	-	300	250
<b>Total business-type activities program revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,043</b>	<b>1,187</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 10,431</b>	<b>12,839</b>	<b>25,045</b>	<b>14,108</b>	<b>13,982</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (52,289)	(42,572)	(34,718)	(49,478)	(67,070)
Business-type activities	-	-	-	(35)	(21)
<b>Total Primary Government Net Expense</b>	<b>\$ (52,289)</b>	<b>(42,572)</b>	<b>(34,718)</b>	<b>(49,513)</b>	<b>(67,091)</b>

Fiscal Year				
2010	2011	2012	2013	2014
19,033	11,572	8,787	8,827	11,340
27,220	14,271	17,173	9,474	5,906
675	595	550	562	524
25,879	26,980	28,343	23,110	24,083
6,645	6,609	7,691	7,581	7,804
12,080	11,745	11,319	10,755	10,497
<b>91,532</b>	<b>71,772</b>	<b>73,863</b>	<b>60,309</b>	<b>60,154</b>
1,506	990	-	-	-
<b>1,506</b>	<b>990</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>93,038</b>	<b>72,762</b>	<b>73,863</b>	<b>60,309</b>	<b>60,154</b>
3,062	2,126	2,514	2,289	2,273
892	412	316	63	590
2	2	2	-	-
5,472	5,515	5,852	6,781	8,479
277	735	716	726	759
2,744	3,393	14,833	8,110	18,598
15,707	3,772	7,838	4,329	10,052
<b>28,156</b>	<b>15,955</b>	<b>32,071</b>	<b>22,298</b>	<b>40,751</b>
1,439	569	-	-	-
275	799	-	-	-
<b>1,714</b>	<b>1,368</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>29,870</b>	<b>17,323</b>	<b>32,071</b>	<b>22,298</b>	<b>40,751</b>
(63,376)	(55,817)	(41,792)	(38,011)	(19,403)
208	378	-	-	-
<b>(63,168)</b>	<b>(55,439)</b>	<b>(41,792)</b>	<b>(38,011)</b>	<b>(19,403)</b>

**Expenses****Governmental activities:**

General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Interest on long-term debt

**Total governmental activities****Business-type activities (Note 1):**

Education

**Total business-type activities expenses****Total Primary Government Expenses****Program Revenues****Governmental activities:**

Charges for services:  
General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Operating grants and contributions  
Capital grants and contributions

**Total governmental activities program revenues****Business-type activities (Note 1):**

Charges for services:  
Education  
Operating grants and contributions

**Total business-type activities program revenues****Total Primary Government Program Revenues****Net (Expense)/Revenue**

Governmental activities  
Business-type activities

**Total Primary Government Net Expense**

continued

**Changes in Net Position (continued)**

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Taxes:					
Franchise tax	\$ 4,146	4,383	2,031	1,975	1,995
Motor vehicle in lieu tax (Note 3)	2,902	4,434	3,691	-	-
Property tax	19,908	24,280	28,145	34,634	33,049
Sales tax (Note 2)	10,165	10,177	10,008	8,345	6,165
Transactions and use tax	-	-	-	-	-
Transient occupancy tax/timeshare developer	1,703	1,851	1,961	2,110	1,633
Utility users tax	-	-	-	-	635
Other	-	-	588	-	-
Investment and interest income	2,613	3,846	6,803	9,720	4,934
Capital contributions	-	33,244	-	-	-
Insurance proceeds	-	-	-	-	683
Other revenues	1,793	3,752	4,131	2,067	2,255
Transfers	12,014	-	-	-	-
Extraordinary item	-	-	-	264	-
<b>Total governmental activities</b>	<b>55,244</b>	<b>85,967</b>	<b>57,358</b>	<b>59,115</b>	<b>51,349</b>
<b>Business-type activities (Note 1):</b>					
Other revenues	-	-	-	4	-
Transfers	-	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 55,244</b>	<b>85,967</b>	<b>57,358</b>	<b>59,119</b>	<b>51,349</b>
<b>Changes in Net Position</b>					
Governmental activities	\$ 2,955	43,395	22,640	9,637	(15,721)
Business-type activities	-	-	-	(31)	(21)
<b>Total Primary Government</b>	<b>\$ 2,955</b>	<b>43,395</b>	<b>22,640</b>	<b>9,606</b>	<b>(15,742)</b>

**Notes to Schedule:**

**Note 1:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit.

**Note 2:** Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

**Note 3:** Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as an intergovernmental revenue.

**Source:** City of Cathedral City, Government-Wide Financial Statements

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>General Revenues and Other Changes in Net Position</b>
					<b>Governmental activities:</b>
					Taxes:
1,855	1,851	1,866	1,882	1,980	Franchise tax
-	-	-	-	-	Motor vehicle in lieu tax (Note 3)
29,078	21,980	13,263	5,450	5,398	Property tax
6,222	6,572	6,895	7,823	8,929	Sales tax (Note 2)
-	2,941	4,337	4,725	4,912	Transactions and use tax
1,504	1,463	1,657	1,644	1,883	Transient occupancy tax/timeshare developer
2,861	2,766	2,753	2,802	2,763	Utility users tax
-	-	-	-	-	Other
2,888	2,157	2,394	2,620	2,953	Investment and interest income
-	-	-	-	-	Capital contributions
-	-	-	-	-	Insurance proceeds
776	2,353	837	791	460	Other revenues
-	-	-	-	-	Transfers
-	-	(84,228)	(2,567)	-	Extraordinary item
<b>45,184</b>	<b>42,083</b>	<b>(50,226)</b>	<b>25,170</b>	<b>29,278</b>	<b>Total governmental activities</b>
					<b>Business-type activities (Note 1):</b>
-	-	-	-	-	Other revenues
-	-	-	-	-	Transfers
-	-	-	-	-	<b>Total business-type activities</b>
<b>45,184</b>	<b>42,083</b>	<b>(50,226)</b>	<b>25,170</b>	<b>29,278</b>	<b>Total Primary Government</b>
					<b>Changes in Net Position</b>
(18,192)	(13,734)	(92,018)	(12,841)	9,875	Governmental activities
208	378	-	-	-	Business-type activities
<b>(17,984)</b>	<b>(13,356)</b>	<b>(92,018)</b>	<b>(12,841)</b>	<b>9,875</b>	<b>Total Primary Government</b>

## Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Fund (Note 2):</b>					
Reserved	\$ 3,701	6,836	5,624	4,249	4,463
Unreserved	15,692	12,055	20,856	16,650	14,383
Nonspendable					
Restricted					
Assigned					
Unassigned					
<b>Total General Fund</b>	<b>\$ 19,393</b>	<b>18,891</b>	<b>26,480</b>	<b>20,899</b>	<b>18,846</b>
			Note 5	Note 5	Note 5
<b>All other governmental funds (Notes 2, 3):</b>					
Reserved	\$ 41,284	52,607	81,269	83,077	95,782
Unreserved:					
Special revenue funds	11,751	12,716	13,955	15,089	5,699
Capital projects funds	49,167	64,282	142,992	126,372	96,817
Debt service funds	-	306	-	-	-
Nonspendable (Note 4)					
Restricted (Note 4)					
Assigned					
Unassigned					
<b>Total all other governmental funds</b>	<b>\$ 102,202</b>	<b>129,911</b>	<b>238,216</b>	<b>224,538</b>	<b>198,298</b>
			Note 5		

### Notes to Schedule:

**Note 1:** Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

**Note 2:** The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is unavailable.

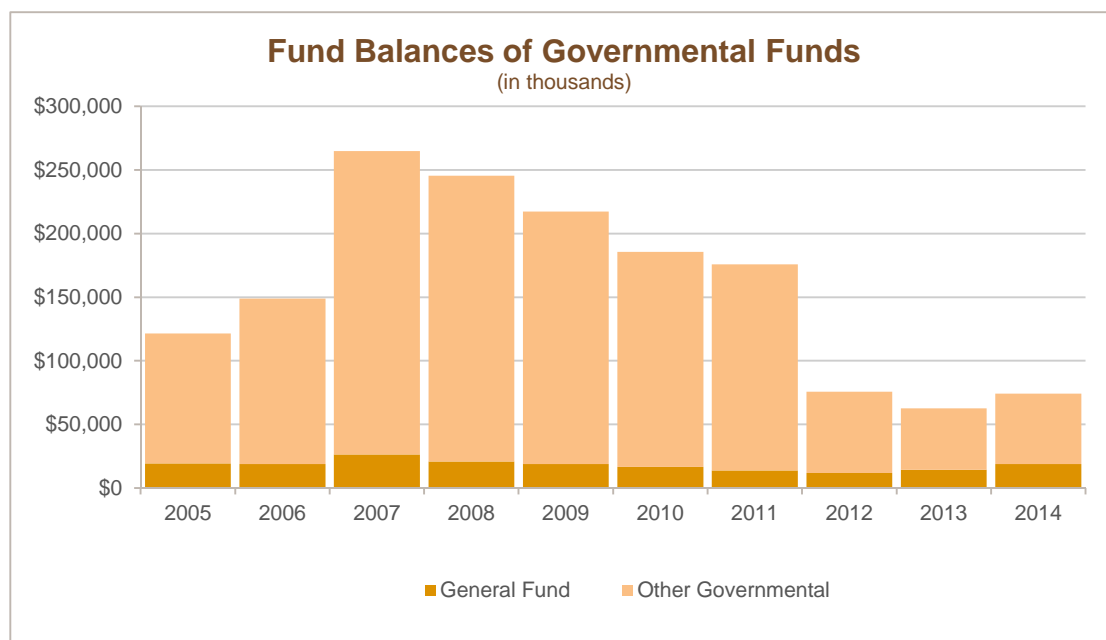
**Note 3:** Total all other governmental fund balances decreased as of June 30, 2012, as a result of the City's redevelopment agency being dissolved in accordance with AB 1X-26. The dissolution became effective February 1, 2012. All assets of the former redevelopment agency (special revenue, capital projects and debt service funds) were recorded in private-purpose trust funds for payment of outstanding obligations.

**Note 4:** The significant changes that occurred between 2013 and 2014 in the nonspendable and restricted fund balance categories resulted from classifying loans receivable and assets held for disposition as restricted in 2014. This change was based on further analysis of GASB Statement No. 54.

**Note 5:** Restated balances - includes prior period adjustments.

**Source:** City of Cathedral City, Fund Financial Statements

Fiscal Year					
2010	2011	2012	2013	2014	
4,210					<b>General Fund (Note 2):</b>
12,377					Reserved
	3,746	3,603	3,558	28	Unreserved
	50	50	50	3,710	Nonspendable
	3,171	771	4,120	4,644	Restricted
	6,825	7,337	6,728	10,605	Assigned
<b>16,587</b>	<b>13,792</b>	<b>11,761</b>	<b>14,456</b>	<b>18,987</b>	Unassigned
			Note 5		<b>Total General Fund</b>
99,386					<b>All other governmental funds (Notes 2, 3):</b>
					Reserved
5,461					Unreserved:
64,116					Special revenue funds
-					Capital projects funds
	72,780	25,621	19,322	-	Debt service funds
	89,579	38,736	28,914	54,567	Nonspendable (Note 4)
	-	-	-	658	Restricted (Note 4)
	(455)	(434)	-	-	Assigned
<b>168,963</b>	<b>161,904</b>	<b>63,923</b>	<b>48,236</b>	<b>55,225</b>	Unassigned
	Note 5		Note 5		<b>Total all other governmental funds</b>





## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$ 34,678	41,894	44,393	47,064	43,477
Intergovernmental	4,200	5,845	11,818	6,883	5,979
Licenses and permits	2,524	2,648	1,370	957	876
Fines and forfeitures	11	15	409	371	875
Charges for services	4,243	4,733	5,392	3,908	4,446
Special assessments	-	-	-	351	386
Development fees	-	-	-	59	1,510
Use of money and property	2,612	3,846	6,725	9,236	4,966
Contributions from property owners	-	33,244	2,394	-	-
Contributions from other governments	-	-	-	-	-
Other revenue	1,922	4,172	2,448	1,649	757
<b>Total Revenues</b>	<b>50,190</b>	<b>96,397</b>	<b>74,949</b>	<b>70,478</b>	<b>63,272</b>
<b>Expenditures</b>					
General government	7,836	7,517	10,976	6,672	6,697
Community development	7,130	3,217	4,329	16,204	16,475
Culture and recreation	-	-	-	147	217
Public safety	15,434	17,006	19,166	21,289	22,804
Public works	2,126	4,351	2,857	2,709	3,167
Capital outlay	16,142	17,573	31,343	20,109	18,252
Payments under pass-through agreements	6,106	5,983	4,985	5,502	6,107
Principal retirement	4,138	17,690	4,907	5,040	6,449
Interest	5,604	6,116	6,377	10,874	11,556
Other debt-related costs	1,090	650	2,366	-	38
<b>Total Expenditures</b>	<b>65,606</b>	<b>80,103</b>	<b>87,306</b>	<b>88,546</b>	<b>91,762</b>
Excess (deficiency) of revenues over (under) expenditures	(15,416)	16,294	(12,357)	(18,068)	(28,490)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	40,672	13,000	115,000	-	-
Refunding of debt	(27,308)	-	-	-	-
Bond premium	-	-	229	-	-
Loan proceeds	3,083	170	-	-	-
Proceeds from sale of capital assets	-	2	2,896	-	257
Gain (loss) on sale of assets held for disposition	-	-	4	(3)	-
Transfers in	37,616	30,566	142,933	26,550	34,382
Transfers out	(27,420)	(32,825)	(145,683)	(28,389)	(34,737)
<b>Total Other Financing Sources (Uses)</b>	<b>26,643</b>	<b>10,913</b>	<b>115,379</b>	<b>(1,842)</b>	<b>(98)</b>
Extraordinary (loss)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 11,227</b>	<b>27,207</b>	<b>103,022</b>	<b>(19,910)</b>	<b>(28,588)</b>
Debt service as a % of noncapital expenditures	34.2%	48.7%	33.2%	25.5%	23.7%

### Note to Schedule:

**Note 1:** Prior to the fiscal year ended June 30, 2006, capital contributions were reported as "transfers in".

**Source:** City of Cathedral City, Fund Financial Statements

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Revenues</b>
40,636	42,128	33,231	23,816	25,011	Taxes
7,264	10,004	6,362	6,602	7,419	Intergovernmental
954	764	855	857	970	Licenses and permits
1,163	881	734	624	487	Fines and forfeitures
4,389	3,513	3,901	4,351	4,502	Charges for services
2,710	3,182	3,562	4,028	5,755	Special assessments
68	98	58	156	74	Development fees
2,826	1,731	1,352	1,029	1,181	Use of money and property
7,648	313	1,620	-	4,532	Contributions from property owners
-	-	11,240	6,839	18,980	Contributions from other governments
554	2,352	946	668	848	Other revenue
<b>68,212</b>	<b>64,966</b>	<b>63,861</b>	<b>48,970</b>	<b>69,759</b>	<b>Total Revenues</b>
					<b>Expenditures</b>
16,399	8,254	6,478	7,329	8,439	General government
22,090	13,111	16,159	13,215	5,384	Community development
311	271	444	426	254	Culture and recreation
23,626	23,155	25,019	20,814	20,897	Public safety
3,067	2,800	2,964	2,464	2,741	Public works
14,357	5,056	1,782	1,211	4,228	Capital outlay
4,803	4,494	2,089	-	-	Payments under pass-through agreements
5,828	6,618	6,206	5,785	6,063	Principal retirement
11,402	11,185	10,866	10,598	10,329	Interest
41	39	31	-	-	Other debt-related costs
<b>101,924</b>	<b>74,983</b>	<b>72,038</b>	<b>61,842</b>	<b>58,335</b>	<b>Total Expenditures</b>
(33,712)	(10,017)	(8,177)	(12,872)	11,424	Excess (deficiency) of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
2,015	-	-	-	137	Issuance of debt
-	-	-	-	-	Refunding of debt
-	-	-	-	-	Bond premium
-	-	-	-	-	Loan proceeds
69	396	-	-	-	Proceeds from sale of capital assets
200	15	-	-	-	Gain (loss) on sale of assets held for disposition
42,710	52,888	52,940	2,641	1,741	Transfers in
(42,775)	(53,462)	(53,056)	(2,714)	(1,782)	Transfers out
<b>2,219</b>	<b>(163)</b>	<b>(116)</b>	<b>(73)</b>	<b>96</b>	<b>Total Other Financing Sources (Uses)</b>
-	-	(91,719)	-	-	Extraordinary (loss)
<b>(31,493)</b>	<b>(10,180)</b>	<b>(100,012)</b>	<b>(12,945)</b>	<b>11,520</b>	<b>Net Change in Fund Balances</b>
19.7%	25.1%	24.2%	28.9%	30.2%	Debt service as a % of noncapital expenditures

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Taxes</b>					
Franchise	\$ -	-	-	1,975	1,995
In-lieu VLF property	2,585	3,282	3,691	4,167	4,214
Property	1,787	2,196	1,933	1,598	1,353
Sales	10,165	10,177	10,008	8,345	6,165
Time share developer	400	425	386	478	483
Transactions and use	-	-	-	-	-
Transient occupancy	1,303	1,426	1,575	1,632	1,150
Utility users	-	-	-	-	635
Subtotal	16,240	17,506	17,593	18,195	15,995
Motor vehicle in-lieu	317	1,152	276	-	-
Property (former RDA tax increment) (Note 1)	17,586	22,913	26,212	28,869	27,482
Special assessments	339	323	312	-	-
Vehicle fines and forfeits	196	-	-	-	-
<b>Total Primary Government Taxes</b>	<b>\$ 34,678</b>	<b>41,894</b>	<b>44,393</b>	<b>47,064</b>	<b>43,477</b>

### Notes to Schedule:

**Note 1:** The City's redevelopment agency was dissolved February 1, 2012, in accordance with ABX1 26. Prior to this date, property taxes included tax increment received by the redevelopment agency. Taxes received subsequent to that date are recorded in a private-purpose trust fund for payment of outstanding obligations.

**Note 2:** As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap beginning with the fiscal year ended June 30, 2005.

**Note 3:** Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

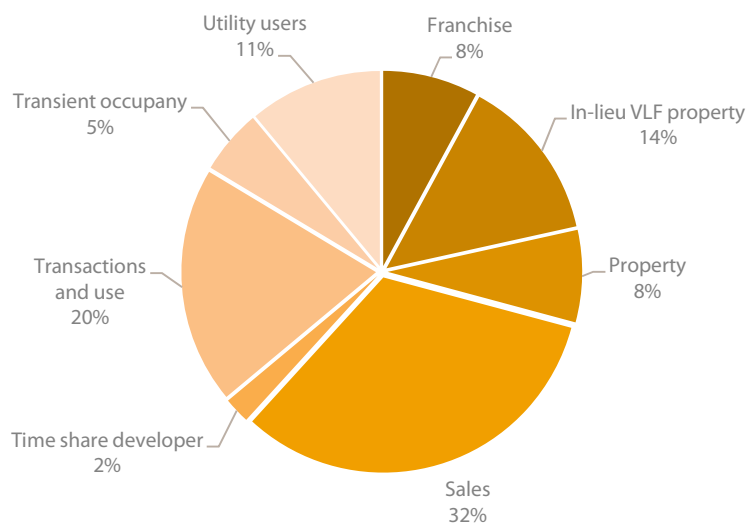
**Note 4:** Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

**Note 5:** Prior to 2008, franchise fees were reported as charges for services.

**Source:** City of Cathedral City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Taxes</b>
1,856	1,851	1,866	1,881	1,980	Franchise
3,690	3,469	3,339	3,260	3,408	In-lieu VLF property
1,217	1,265	1,836	2,101	1,907	Property
5,468	6,572	6,895	7,403	8,159	Sales
481	464	521	530	543	Time share developer
-	2,941	4,337	4,725	4,911	Transactions and use
1,023	999	1,136	1,114	1,340	Transient occupancy
2,861	2,766	2,753	2,802	2,763	Utility users
16,596	20,327	22,683	23,816	25,011	Subtotal
-	-	-	-	-	Motor vehicle in-lieu
24,040	21,801	10,548	-	-	Property (former RDA tax increment) (Note 1)
-	-	-	-	-	Special assessments
-	-	-	-	-	Vehicle fines and forfeits
<b>40,636</b>	<b>42,128</b>	<b>33,231</b>	<b>23,816</b>	<b>25,011</b>	<b>Total Primary Government Taxes</b>

### 2014 Tax Revenues by Source



## Taxable Sales by Category

Last Ten Calendar Years (dollar in thousands)

	Calendar Year				
	2004	2005	2006	2007	2008
Apparel stores	\$ 5,332	5,142	5,513	7,866	9,562
General merchandise	117,642	106,748	59,912	38,247	35,269
Food stores	32,726	33,980	34,350	33,701	33,213
Eating and drinking places	52,771	55,950	55,374	56,427	59,121
Building materials	61,129	72,735	68,968	47,819	38,896
Auto dealers and supplies	421,230	434,240	441,250	393,320	277,219
Service stations	65,325	76,716	85,213	88,468	91,944
Other retail stores	76,958	82,710	75,808	67,130	55,739
All other outlets	158,639	170,970	168,792	159,278	150,267
<b>Total</b>	<b>\$ 991,752</b>	<b>1,039,191</b>	<b>995,180</b>	<b>892,256</b>	<b>751,230</b>
<b>Sales tax rate:</b>					
State rate (Notes 2 through 5)	6.25%	6.25%	6.25%	6.25%	6.25%
Local rate (Note 2)	1.25%	1.00%	1.00%	1.00%	1.00%
District rate - Riverside County - Measure A (transit)	0.50%	0.50%	0.50%	0.50%	0.50%
District rate - Cathedral City - Measure H (Note 6)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total sales tax rate</b>	<b>8.00%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>

### Note to Schedule:

**Note 1:** Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

**Note 2:** State rate increased from 6.0% to 6.25% and local rate decreased from 1.25% to 1.00% effective July 1, 2004.

**Note 3:** State rate increased from 6.25% to 7.25% effective April 1, 2009.

**Note 4:** Rate decreased from 7.25% to 6.25% effective July 1, 2011.

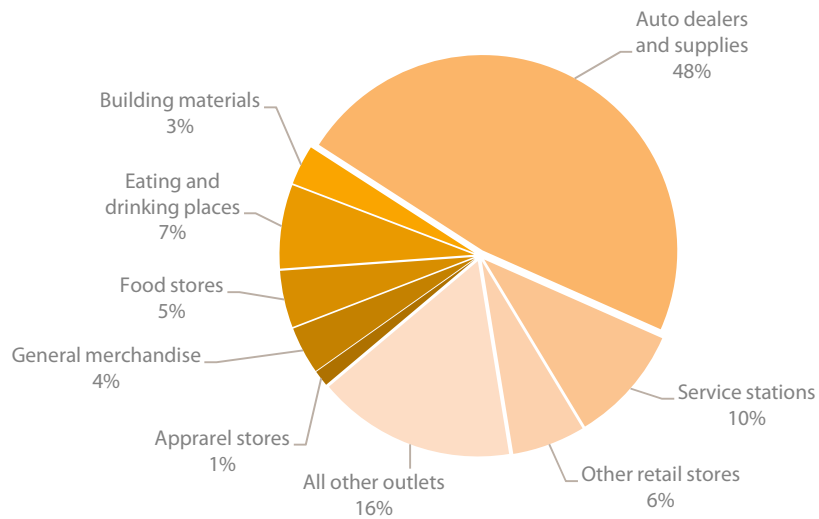
**Note 5:** Rate increased from 6.25% to 6.50% effective January 1, 2013.

**Note 6:** Additional District tax rate of 1.00% effective October 1, 2010, resulting from the passage of Measure H in June 2010. The District tax was temporary and was set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

**Source:** The HDL Companies, State of California Board of Equalization

Calendar Year					
2009	2010	2011	2012	2013	
8,176	8,548	10,339	9,775	10,530	Apparel stores
32,338	31,260	30,311	30,435	31,109	General merchandise
34,511	31,551	31,385	36,144	37,295	Food stores
52,119	49,248	52,241	52,928	54,954	Eating and drinking places
26,690	18,258	18,688	22,274	26,056	Building materials
235,561	260,030	292,179	319,748	376,030	Auto dealers and supplies
66,314	74,941	91,520	83,867	77,030	Service stations
49,070	47,819	42,364	45,264	48,134	Other retail stores
103,727	99,053	106,724	122,758	130,355	All other outlets
<b>608,506</b>	<b>620,708</b>	<b>675,751</b>	<b>723,193</b>	<b>791,493</b>	<b>Total</b>
					<b>Sales tax rate:</b>
7.25%	7.25%	6.25%	6.25%	6.50%	State rate (Notes 2 through 5)
1.00%	1.00%	1.00%	1.00%	1.00%	Local rate (Note 2)
0.50%	0.50%	0.50%	0.50%	0.50%	District rate - Riverside County - Measure A (transit)
0.00%	1.00%	1.00%	1.00%	1.00%	District rate - Cathedral City - Measure H (Note 6)
<b>8.75%</b>	<b>9.75%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>9.00%</b>	<b>Total sales tax rate</b>

### CY 2013 Taxable Sales by Category



## Top 25 Sales Tax Producers

Current Year and Nine Years Ago (listed alphabetically)

2014	
Taxpayer	Business
Acura of the Desert	New Motor Vehicles Dealer
Arco AM PM	Service Stations
C & M Building Materials	Lumber/Building Materials
Circle K	Grocery Stores Beer/Wine
Crystal Chrysler Jeep Dodge	New Motor Vehicles Dealer
Date Palm Petroleum	Service Stations
Desert Lexus	New Motor Vehicles Dealer
Honda of the Desert	New Motor Vehicles Dealer
Haz Arco	Service Stations
Jessup Auto Plaza	New Motor Vehicles Dealer
Mike Thompson RVs	Trailers/RVs
Palm Springs Kia	New Motor Vehicles Dealer
Palm Springs Motors	New Motor Vehicles Dealer
Palm Springs Nissan	New Motor Vehicles Dealer
Palm Springs Oil	Service Stations
Palm Springs Volvo/Subaru	New Motor Vehicles Dealer
Saini Brothers Arco AM PM	Service Stations
Stater Bros	Grocery Stores Liquor
Target	Discount Dept Stores
Toyota Lease Trust	Auto Lease
Toyota of the Desert Scion	New Motor Vehicles Dealer
United Rentals	Repair Shop/Equip Rentals
Valero Corner Store	Service Stations
Volkswagen of Palm Springs	New Motor Vehicles Dealer
Walgreens	Drug Stores
Percentage of total paid by top 25 accounts - 63.56%	

2005	
Taxpayer	Business
Acura Mazda of the Desert	New Motor Vehicles Dealer
Albertsons	Grocery Stores Liquor
Arco AM PM	Service Stations
Arco AM PM	Service Stations
C & M Building Materials	Lumber/Building Materials
Champion Mitsubishi	New Motor Vehicles Dealer
Crystal Chrysler Center	New Motor Vehicles Dealer
Desert Lexus	New Motor Vehicles Dealer
Ferguson Enterprises	Plumbing/Electrical Supplies
Honda of the Desert	New Motor Vehicles Dealer
Jessup Auto Plaza	New Motor Vehicles Dealer
Legacy Home Furnishings	Home Furnishings
O'Brien Hyundai	New Motor Vehicles Dealer
Palm Springs Motors	New Motor Vehicles Dealer
Palm Springs Nissan	New Motor Vehicles Dealer
Palm Springs Oil	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicles Dealer
Sam's Club	Discount Dept Stores
Spren Saturn	New Motor Vehicles Dealer
Target	Discount Dept Stores
Toyota Motor Credit Corporation	Auto Lease
Toyota of the Desert	New Motor Vehicles Dealer
Ultramar	Service Stations
United Rentals	Repair Shop/Hand Tool Rentals
Walmart	Discount Dept Stores
Percentage of total paid by top 25 accounts - 63.91%	

### Notes to Schedule:

**Note 1:** Information is for the periods April 2013 through March 2014 and April 2004 through March 2005, respectively.

**Note 2:** Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

**Source:** Hinderliter, de Llamas & Associates, California State Board of Equalization



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## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Residential	\$ 1,919,597	2,204,561	2,610,321	2,974,597	2,951,474
Commercial	288,177	302,195	335,825	404,576	433,387
Industrial	65,739	73,642	78,579	86,412	90,519
Dry farm	54	55	56	57	59
Government owned	965	993	1,004	1,025	502
Institutional	7	1,412	1,417	2,149	7
Recreational	28,286	22,826	24,631	30,617	37,441
Vacant	68,660	85,280	148,134	145,254	150,240
SBE Nonunitary	213	199	163	-	-
Cross reference	397,112	456,023	541,799	612,413	623,396
Unsecured	87,798	90,324	98,141	91,166	100,262
Other	-	-	-	-	86
<b>Total net taxable assessed value</b>	<b>\$ 2,856,608</b>	<b>3,237,510</b>	<b>3,840,070</b>	<b>4,348,266</b>	<b>4,387,373</b>
Total direct tax rate (Note 3)	\$ 0.86409	0.88107	0.90256	0.91283	0.91372
<b>Estimated actual taxable value</b>	Note 4	Note 4	Note 4	Note 4	Note 4
Assessed value as a percentage of estimated actual value	Note 4	Note 4	Note 4	Note 4	Note 4

### Note to Schedule:

**Note 1:** In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Note 2:** The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

**Note 3:** Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13.

**Note 4:** N/A - Data unavailable.

**Source:** HdL Coren & Cone (Riverside County Assessor 2004/05 - 2013/14 Combined Tax Rolls)

Fiscal Year					
2010	2011	2012	2013	2014	
2,473,035	2,295,531	2,209,410	2,129,244	2,282,069	Residential
463,709	450,136	432,569	439,471	443,092	Commercial
92,260	90,613	90,483	92,716	92,134	Industrial
60	-	-	-	-	Dry farm
512	511	514	525	535	Government owned
1,200	109	101	8	4,927	Institutional
28,333	24,878	24,544	23,320	23,606	Recreational
120,145	106,557	93,923	86,198	83,339	Vacant
-	-	-	-	-	SBE Nonunitary
584,741	548,959	520,021	527,791	536,668	Cross reference
92,612	97,133	100,848	89,328	92,786	Unsecured
-	-	-	-	-	Other
<b>3,856,607</b>	<b>3,614,427</b>	<b>3,472,413</b>	<b>3,388,601</b>	<b>3,559,156</b>	<b>Total net taxable assessed value</b>
0.89971	0.88849	0.89234	0.88187	0.21541	Total direct tax rate (Note 3)
Note 4	Note 4	Note 4	Note 4	Note 4	<b>Estimated actual taxable value</b>
Note 4	Note 4	Note 4	Note 4	Note 4	Assessed value as a percentage of estimated actual value

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Direct rate</b>					
City's share of 1% levy per Prop 13 (Note 1)	\$ 0.16392	0.16392	0.16455	0.16455	0.16455
Redevelopment rate (Note 2)	1.00000	1.00000	1.00000	1.00000	1.00000
Total direct rate (Note 3)	0.86409	0.88107	0.90256	0.91283	0.91283
<b>Direct and overlapping rates (Note 4)</b>					
Basic levy (Note 5)	\$ 1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Water District	0.02080	0.02080	0.02080	0.04000	0.04000
CVWD Improvement District 53	0.00020	0.00020	-	0.00090	-
CVWD Improvement District 54	0.01910	0.01800	0.01800	0.00720	0.00650
Desert Community College	0.01994	0.01995	0.01995	0.01995	0.01995
Desert Water Agency	0.06000	0.06000	0.08000	0.08000	0.08000
Palm Springs Unified B&I - 1992-A	0.05715	0.05012	0.05912	0.05468	0.06007
<b>Total direct and overlapping rates</b>	<b>\$ 1.17719</b>	<b>1.16907</b>	<b>1.19787</b>	<b>1.20273</b>	<b>1.20652</b>

### Note to Schedule:

**Note 1:** City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. Educational Revenue Augmentation Funds (ERAF) general fund tax shifts may not be included in tax ratio figures.

**Note 2:** Redevelopment rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment Agencies in California for fiscal year 2012/13 and years thereafter.

**Note 3:** Because basic and debt rates vary by tax rate area, individual rates cannot be summed. The total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13.

**Note 4:** Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners.

**Note 5:** In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter-approved bonds.

**Source:** HdL Coren & Cone (Riverside County Assessor 2004/05 - 2013/14 Tax Rate Tables)

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Direct rate</b>
0.16455	0.16144	0.16144	0.16144	0.16144	City's share of 1% levy per Prop 13 (Note 1)
1.00000	1.00000	1.00000	-	-	Redevelopment rate (Note 2)
0.89971	0.88849	0.89234	0.88187	0.21541	Total direct rate (Note 3)
					<b>Direct and overlapping rates (Note 4)</b>
1.00000	1.00000	1.00000	1.00000	1.00000	Basic levy (Note 5)
0.06000	0.08000	0.08000	0.08000	0.10000	Coachella Valley Water District
-	-	-	-	-	CVWD Improvement District 53
0.00650	0.00530	-	-	-	CVWD Improvement District 54
0.01995	0.01995	0.01995	0.01995	0.01955	Desert Community College
0.08000	0.08000	0.08000	0.10000	0.10000	Desert Water Agency
0.12628	0.13224	0.10451	0.09351	0.12961	Palm Springs Unified B&I - 1992-A
<b>1.29273</b>	<b>1.31749</b>	<b>1.28446</b>	<b>1.29346</b>	<b>1.34916</b>	<b>Total direct and overlapping rates</b>

## Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC Date Palm LLC	\$ 31,444	1	0.86%	\$ 28,007	1	0.98%
34251 Date Palm Drive Holdings	30,105	2	0.82%			0.00%
Welk Park North	26,830	3	0.73%	25,853	2	0.90%
Roberta's Limited Partnership	21,120	4	0.58%			0.00%
Bre Throne Plaza Rio Vista	15,980	5	0.44%			0.00%
Meristar Sub 1C	14,199	6	0.39%			0.00%
Rolling Hills Silver Spur Pickford	14,194	7	0.39%			0.00%
Goble Investment	13,608	8	0.37%			0.00%
WCP of DSSH Holding 3 LLC	13,539	9	0.37%			0.00%
Palm Springs Motors, Inc.	13,130	10	0.36%	11,948	7	0.42%
Cathedral City Marketplace I			0.00%	19,750	3	0.69%
Capstar Cathedral City Company			0.00%	13,694	4	0.48%
Date Palm Interiors, Inc.			0.00%	13,461	5	0.47%
Cimarron Golf Club			0.00%	13,074	6	0.46%
Walmart Real Estate Business Trust			0.00%	10,458	8	0.36%
Dana B. Horn			0.00%	10,420	9	0.36%
Palm Canyon Partners			0.00%	10,335	10	0.36%
<b>Totals</b>	<b>\$ 194,149</b>		<b>5.31%</b>	<b>157,000</b>		<b>5.48%</b>

### Notes to Schedule:

**Note 1:** Rankings are based on taxable assessed value, not property taxes paid.

**Source:** HdL Coren & Cone (Riverside County Assessor 2013/14 and 2004/05 Combined Tax Rolls and the SBE Unitary Tax Roll)

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## Property Tax Levies and Collections

Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Fund</b>					
Tax levy for fiscal year (Note 1)	\$ 1,025	1,031	1,030	1,036	1,029
Collections in year due	\$ 936	920	878	854	849
Collections in subsequent years	88	107	152	168	140
Total collections identifiable with levy year	\$ 1,024	1,027	1,030	1,022	989
Percentage of levy collected in year due	91.32%	89.23%	85.24%	82.43%	82.51%
Total percentage of levy collected	99.90%	99.61%	100.00%	98.65%	96.11%
<b>Redevelopment Agency</b>					
Tax levy for fiscal year (Note 1)	\$ 16,086	18,638	22,759	25,930	26,295
Collections in year due	\$ 16,058	18,583	22,634	25,997	26,279
Collections in subsequent years	-	-	4	-	1
Total collections identifiable with levy year	\$ 16,058	18,583	22,638	25,997	26,280
Percentage of levy collected in year due	99.83%	99.70%	99.45%	100.26%	99.94%
Total percentage of levy collected	99.83%	99.70%	99.47%	100.26%	99.94%
<b>Total</b>					
Tax levy for fiscal year (Note 1)	\$ 17,111	19,669	23,789	26,966	27,324
Collections in year due	\$ 16,994	19,503	23,512	26,851	27,128
Collections in subsequent years	88	107	156	168	141
Total collections identifiable with levy year	\$ 17,082	19,610	23,668	27,019	27,269
Percentage of levy collected in year due	99.32%	99.16%	98.84%	99.57%	99.28%
Total percentage of levy collected	99.83%	99.70%	99.49%	100.20%	99.80%

### Note to Schedule:

**Note 1:** The total tax levy is based on the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller's Office. This amount does not include the results of any successful appeals of a taxpayers assessed valuation. As such, the percentage of the levy collected may be lower than expected.

**Note 2:** The City participates in the Riverside County Teeter program, which allows for a 30% advance, one settlement payment for the first installment, a 10% advance, a settlement payment for the second installment, and one final settlement payment, which is generally received during November of the subsequent year.

**Note 3:** Collections for 2014 are for amounts received as of August 31, 2014.

**Note 4:** The Redevelopment Agency was dissolved effective February 1, 2012.

**Source:** City of Cathedral City; Riverside County Auditor-Controller's Office

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>General Fund</b>
1,031	1,058	1,070	1,062	1,060	Tax levy for fiscal year (Note 1)
802	928	953	970	990	Collections in year due
105	82	69	56	27	Collections in subsequent years
907	1,010	1,022	1,026	1,017	Total collections identifiable with levy year
77.79%	87.71%	89.07%	91.34%	93.40%	Percentage of levy collected in year due
87.97%	95.46%	95.51%	96.61%	95.94%	Total percentage of levy collected
					<b>Redevelopment Agency</b>
22,860	21,196	-	-	-	Tax levy for fiscal year (Note 1)
22,619	21,066	-	-	-	Collections in year due
-	-	-	-	-	Collections in subsequent years
22,619	21,066	-	-	-	Total collections identifiable with levy year
98.95%	99.39%	-	-	-	Percentage of levy collected in year due
98.95%	99.39%	-	-	-	Total percentage of levy collected
					<b>Total</b>
23,891	22,254	1,070	1,062	1,060	Tax levy for fiscal year (Note 1)
23,421	21,994	953	970	990	Collections in year due
105	82	69	56	27	Collections in subsequent years
23,526	22,076	1,022	1,026	1,017	Total collections identifiable with levy year
98.03%	98.83%	89.07%	91.34%	93.40%	Percentage of levy collected in year due
98.47%	99.20%	95.51%	96.61%	95.94%	Total percentage of levy collected

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Governmental Activities</b>					
Lease revenue bonds	\$ 6,720	6,385	6,030	5,655	5,255
Tax allocation bonds	112,520	113,232	226,378	224,185	220,710
Limited obligation bonds	15,606	12,837	11,293	9,140	6,901
Capital leases	3,070	1,852	1,500	1,305	1,181
Long-term loans/notes	8,296	8,138	8,456	9,234	9,758
<b>Total primary government</b>	<b>\$ 146,212</b>	<b>142,444</b>	<b>253,657</b>	<b>249,519</b>	<b>243,805</b>
<b>Percentage of personal income</b>	<b>15.90%</b>	<b>14.54%</b>	<b>24.41%</b>	<b>22.95%</b>	<b>22.31%</b>
<b>Per capita</b>	<b>\$ 2,963</b>	<b>2,803</b>	<b>4,944</b>	<b>4,794</b>	<b>4,694</b>

### Note to Schedule:

**Note 1:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** See the *Demographic and Economic Statistics* table for personal income and population data. Personal income, population and per capita personal income data were based on calendar year information. To calculate the "% of Personal Income" and "Per Capita" statistics, total primary government debt for the fiscal year and personal income/population data for the calendar were used. (For example, for fiscal year 2005 debt, calendar year 2004 personal income/population data were used.)

**Source:** City of Cathedral City Finance Department, The HDL Companies, State of California Board of Equalization

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Governmental Activities</b>
4,835	4,705	4,565	4,410	4,245	Lease revenue bonds
217,095	212,647	208,000	203,154	198,096	Tax allocation bonds
5,667	4,668	3,819	3,636	3,432	Limited obligation bonds
2,862	2,559	2,243	1,913	1,701	Capital leases
10,254	10,185	-	-	-	Long-term loans/notes
<b>240,713</b>	<b>234,764</b>	<b>218,627</b>	<b>213,113</b>	<b>207,474</b>	<b>Total primary government</b>
<b>22.28%</b>	<b>20.60%</b>	<b>19.31%</b>	<b>19.18%</b>	<b>19.36%</b>	<b>Percentage of personal income</b>
<b>4,584</b>	<b>4,443</b>	<b>4,208</b>	<b>4,072</b>	<b>3,945</b>	<b>Per capita</b>

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2005	2006	2007	2008	2009
Lease revenue bonds	\$ 6,720	6,385	6,030	5,655	5,255
Tax allocation bonds	112,520	113,232	226,378	224,185	220,710
Limited obligation bonds	15,606	12,837	11,293	9,140	6,901
<b>Total</b>	<b>\$ 134,846</b>	<b>132,454</b>	<b>243,701</b>	<b>238,980</b>	<b>232,866</b>
<b>Percentage of actual taxable assessed value of property</b>	<b>4.72%</b>	<b>4.09%</b>	<b>6.35%</b>	<b>5.50%</b>	<b>5.31%</b>
<b>Per capita</b>	<b>\$ 2,733</b>	<b>2,606</b>	<b>4,750</b>	<b>4,592</b>	<b>4,483</b>

### Notes to Schedule:

**Note 1:** General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** See the Assessed Value and Actual Value of Taxable Property table for property value data.

**Note 3:** See the Demographic and Economic Statistics table for population data. The ratio is calculated using population data for the calendar year.

**Source:** City of Cathedral City Finance Department; Assessed Value and Actual Value of Taxable Property table; Demographic and Economic Statistics table

Fiscal Year					
2010	2011	2012	2013	2014	
4,835	4,705	4,565	4,410	4,245	Lease revenue bonds
217,095	212,647	208,000	203,154	198,096	Tax allocation bonds
5,667	4,668	3,819	3,636	3,432	Limited obligation bonds
<b>227,597</b>	<b>222,020</b>	<b>216,384</b>	<b>211,200</b>	<b>205,773</b>	<b>Total</b>
<b>5.90%</b>	<b>6.14%</b>	<b>6.23%</b>	<b>6.23%</b>	<b>5.78%</b>	<b>Percentage of estimated actual taxable value of property</b>
<b>4,335</b>	<b>4,202</b>	<b>4,165</b>	<b>4,035</b>	<b>3,912</b>	<b>Per capita</b>

**Direct and Overlapping Governmental Activities Debt**

June 30, 2014 (dollars in thousands)

<b>Direct and Overlapping Debt <sup>(1)</sup></b>	<b>Debt Outstanding</b>	<b>Percentage Applicable <sup>(2)</sup></b>	<b>City of Cathedral City Share of Debt</b>
<b>Direct Debt</b>			
City of Cathedral City Lease Revenue Bonds	\$ 4,245,000	100.000%	4,245,000
City of Cathedral City Limited Obligation Bonds	3,385,000	100.000%	3,385,000 <sup>(3)</sup>
Capital leases	1,701,236	100.000%	1,701,236
Total direct debt			<u>\$ 9,331,236</u>
<b>Overlapping Debt</b>			
Overlapping General Fund Debt:			
Riverside County General Fund Obligations	\$ 692,656,315	1.697%	\$ 11,754,378
Riverside County Pension Obligations	334,515,000	1.697%	5,676,720
Riverside County Board of Education, Certificates of Participation	2,700,000	1.697%	45,819
Total gross overlapping general fund debt			17,476,917
Less: Riverside self-supporting obligations			(157,539)
Total net overlapping general fund debt			<u>\$ 17,319,378</u>
Overlapping Tax and Assessment Debt:			
City of Cathedral City 1915 Act Bonds	\$ 39,825,000	100.000%	\$ 39,825,000
City of Cathedral City Community Facilities District No. 2000-01	11,245,000	100.000%	11,245,000
Desert Community College District	316,283,162	5.528%	17,484,133
Palm Springs Unified School District	371,527,895	15.155%	56,305,052
Total overlapping tax and assessment debt			<u>\$ 124,859,185</u>
Overlapping Tax Increment Debt (Successor Agencies):			
City of Cathedral City Merged Redevelopment Project Area Nos. 1 and 2	\$ 26,986,000	100.000%	\$ 26,986,000
City of Cathedral City Redevelopment Project Area No. 3	34,675,000	96.368%	33,415,604
City of Cathedral City Redevelopment 2006 Merged Project Area	103,815,000	97.147%	100,853,158
City of Cathedral City Redevelopment Housing Bonds	29,675,000	97.147%	28,828,372
City of Rancho Mirage 1984 Redevelopment Project Area	67,436,027	0.231%	155,777
City of Rancho Mirage Redevelopment Housing Bonds	22,010,000	0.147%	32,355
Total overlapping tax increment debt			<u>\$ 190,271,266</u>
Total gross overlapping debt			<u>\$ 332,607,368</u>
Total net overlapping debt			<u>\$ 332,449,829</u>
<b>Total Debt</b>			
Gross combined total debt			<u>\$ 341,938,604 <sup>(4)</sup></u>
Net combined total debt			<u>\$ 341,781,065</u>
<b>Ratios to 2013-14 Assessed Valuation: (\$3,557,664,502)</b>			
Total overlapping tax and assessment debt			3.51%
Total direct debt (\$9,331,236)			0.26%
Gross combined total debt			9.61%
Net combined total debt			9.61%
<b>Ratios to Redevelopment Incremental Valuation (\$3,061,845,062):</b>			
Total overlapping tax increment debt			6.21%

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

(3) 2004 Limited Obligation Bonds, Series A. Bonds were used to purchase Assessment District 96-1 (Rio Vista) Series 2004 Limited Obligation Refunding Bonds, and are secured by the revenues from the repayment of the Assessment District Bonds.

(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Source:** California Municipal Statistics, Inc.

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## Legal Debt Margin Information

Last Ten Fiscal Years (dollar in thousands)

### Calculation of Legal Debt Margin for Fiscal Year 2014

Assessed Value	3,702,531
Debt limit %	15.00%
Debt limit - (15% of assessed value)	555,380
Less: Debt applicable to limit	-
<b>Legal debt margin — June 30</b>	<b>\$ 555,380</b>

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt limit	\$ 428,491	485,627	576,011	652,240	658,106
Total net debt applicable to limit	-	-	-	-	-
<b>Legal debt margin</b>	<b>\$ 428,491</b>	<b>485,627</b>	<b>576,011</b>	<b>652,240</b>	<b>658,106</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

### Note to Schedule:

**Note 1:** The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

**Source:** City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2013/14 Combined Tax Rolls)

Fiscal Year					
2010	2011	2012	2013	2014	
578,491	542,164	520,862	508,290	555,380	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<b>578,491</b>	<b>542,164</b>	<b>520,862</b>	<b>508,290</b>	<b>555,380</b>	<b>Legal debt margin</b>
0.00%	0.00%	0.00%	0.00%	0.00%	<b>Total net debt applicable to the limit as a percentage of debt limit</b>

## Pledged-Revenue Coverage

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Lease Revenue Bonds</b>					
Pledged lease revenues	\$ 781	777	767	767	773
<b>Available for debt service</b>	<b>\$ 781</b>	<b>777</b>	<b>767</b>	<b>767</b>	<b>773</b>
Debt service - principal and interest	\$ 814	811	812	812	815
Coverage (Note 2)	0.96	0.96	0.94	0.94	0.95
<b>Tax Allocation Bonds (Note 3):</b>					
Pledged tax increment	\$ 17,586	22,913	26,212	28,869	27,482
Pledged property taxes	-	-	-	-	-
<b>Available for debt service</b>	<b>\$ 17,586</b>	<b>22,913</b>	<b>26,212</b>	<b>28,869</b>	<b>27,482</b>
Debt service - principal and interest	\$ 6,630	7,093	7,639	12,377	14,446
Coverage	2.65	3.23	3.43	2.33	1.90

### Notes to Schedule:

**Note 1:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** The decrease in the 2010 coverage percentage was the result of using the reserve balance (\$296,000) in addition to lease revenues to make the final payment on the 1996 lease revenue bonds.

**Note 3:** The former redevelopment agency was dissolved as of February 1, 2012. Prior to that date, tax increment monies were received from Riverside County to make the tax allocation bond payments. Subsequent to dissolution the Successor Agency only receives property taxes in the amount necessary to pay enforceable obligations, including bonds, for each six-month period (July through December and January through June). The coverage ratio is calculated based on debt service requirements for the current fiscal year compared to property taxes received during the same period. However, property taxes actually received by the Successor Agency are for the second half of the fiscal year (January receipts) and the first half of the following fiscal year (June receipts). For example, the \$7.632 million received in June 2012 was to make the August 2012 bond payments (FY 2013).

**Source:** City of Cathedral City Finance Department;

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Lease Revenue Bonds</b>
487	475	475	475	475	Pledged lease revenues
<b>487</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>Available for debt service</b>
811	504	504	507	505	Debt service - principal and interest
0.60	0.94	0.94	0.94	0.94	Coverage (Note 2)
					<b>Tax Allocation Bonds (Note 3):</b>
24,040	21,801	10,548	-	-	Pledged tax increment
-	-	7,632	14,364	15,879	Pledged property taxes
<b>24,040</b>	<b>21,801</b>	<b>18,180</b>	<b>14,364</b>	<b>15,879</b>	<b>Available for debt service</b>
14,440	15,098	15,100	15,092	15,081	Debt service - principal and interest
1.66	1.44	1.20	0.95	1.05	Coverage

## Demographic and Economic Statistics

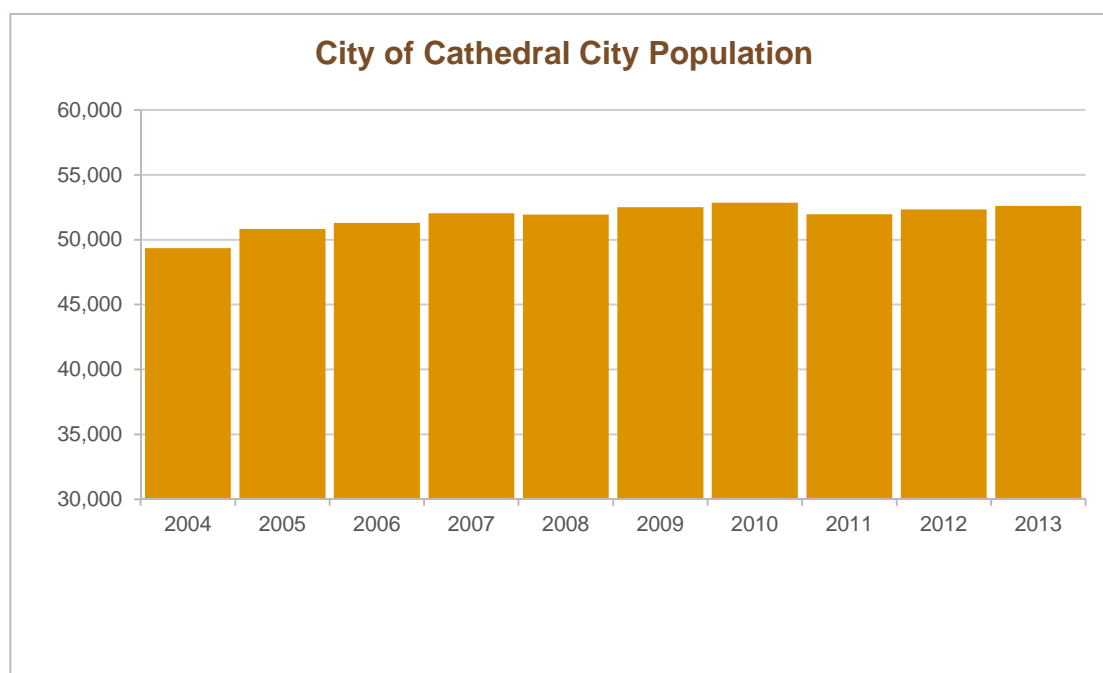
Last Ten Calendar Years

	Calendar Year				
	2004	2005	2006	2007	2008
Population <sup>1</sup>	49,342	50,821	51,306	52,046	51,945
Personal income (expressed in thousands) <sup>2</sup>	\$ 919,327	979,970	1,038,953	1,087,398	1,093,008
Per capita personal income <sup>2</sup>	\$ 18,632	19,283	20,250	20,893	21,042
Unemployment rate <sup>3</sup>	5.90%	5.30%	4.90%	5.90%	8.30%
Median age <sup>2</sup>	NA	NA	NA	NA	NA
% of population 25+ — high school degree <sup>2</sup>	NA	NA	NA	NA	NA
% of population 25+ — bachelor's degree <sup>2</sup>	NA	NA	NA	NA	NA

NA - Information not available

**Source:** <sup>1</sup> HdL Coren & Cone (State of California, Department of Finance); <sup>2</sup> HdL Coren & Cone (2000-2009):ESRI - demographics are based on the last available Census; 2010 and later: U.S. Census Bureau, most recent American Community Survey); <sup>3</sup> HdL Coren & Cone (California Employment Development Department)

Calendar Year					
2009	2010	2011	2012	2013	
52,508	52,841	51,952	52,337	52,595	Population <sup>1</sup>
1,080,383	1,139,728	1,132,054	1,111,219	1,071,623	Personal income (expressed in thousands) <sup>2</sup>
20,576	21,569	21,790	21,232	20,375	Per capita personal income <sup>2</sup>
13.30%	14.40%	13.30%	9.40%	8.10%	Unemployment rate <sup>3</sup>
33.2	35.8	36.5	35.8	35.0	Median age <sup>2</sup>
72.70%	73.70%	73.70%	72.40%	73.30%	% of population 25+ — high school degree <sup>2</sup>
17.40%	17.20%	16.60%	15.60%	15.40%	% of population 25+ — bachelor's degree <sup>2</sup>



## Principal Employers

Current Year and Nine Years Ago

	2014			2005 (Note 2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Addus Healthcare	250 - 499	1T	1.0% - 2.0%	NA	NA	NA
Desert Princess Golf Resort	250 - 499	1T	1.0% - 2.0%	NA	NA	NA
Target	250 - 499	1T	1.0% - 2.0%	NA	NA	NA
Cathedral City High School	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
City of Cathedral City	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Honda of the Desert	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Jessup Auto Plaza	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Nellie N. Coffman Middle School	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Palm Springs Motors	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Stater Bros. Markets (Ramon)	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Stater Bros. Markets (Vista Chino)	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
Toyota of the Desert	100 - 249	4T	0.4% - 1.0%	NA	NA	NA
<b>Totals</b>	<b>1,650 - 3,738</b>		<b>6.6% - 15.0%</b>	<b>-</b>		<b>0.00%</b>
Total employees	24,925			23,143		

### Notes to Schedule:

**Note 1:** Total employees by employer are presented as a range as specific employer totals are not available. In addition, the percentage of total city employment is also presented as a range.

**Note 2:** Principal employer data from nine years ago is not available (NA).

**Source:** U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, Labor Market Info (information provided by Infogroup, 2014)

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## Full-Time Equivalent City Government Employees by Function

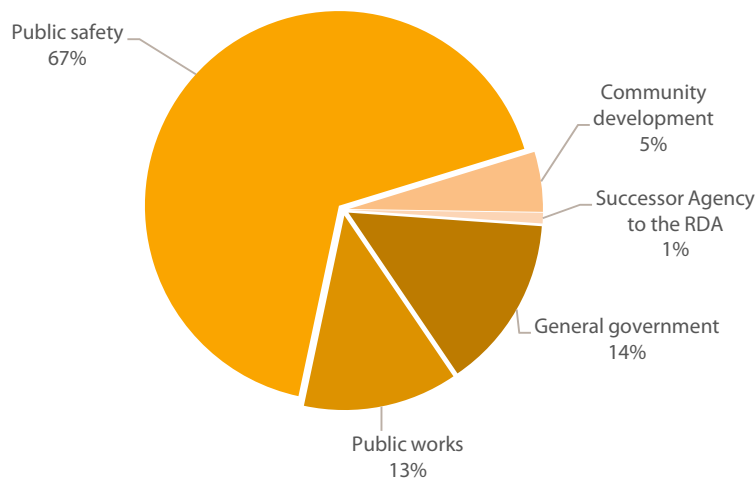
Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Management	4.50	6.00	6.00	6.00	4.00
City Clerk	2.00	2.00	1.00	2.00	2.00
Administrative Services	13.00	15.50	15.00	16.00	15.00
Redevelopment/Housing	11.00	10.00	9.00	8.00	8.00
All other	2.00	1.00	1.00	1.00	1.00
Total General Government	37.50	39.50	37.00	38.00	35.00
Public Works	24.00	25.00	26.50	31.50	31.00
Public Safety:					
Police	72.00	81.50	86.50	98.00	90.00
Fire	46.00	43.00	51.00	50.00	53.00
Total Public Safety	118.00	124.50	137.50	148.00	143.00
Community Development	18.00	19.00	20.00	21.00	20.00
Successor Agency to the RDA	-	-	-	-	-
<b>Total</b>	<b>197.50</b>	<b>208.00</b>	<b>221.00</b>	<b>238.50</b>	<b>229.00</b>

**Source:** City of Cathedral City (Human Resources Department)

Fiscal Year					
2010	2011	2012	2013	2014	
5.00	5.00	5.00	5.00	5.00	General Government:
4.50	5.50	5.50	5.00	5.20	City Council
1.00	1.50	1.50	1.50	2.40	City Management
15.00	14.00	13.50	11.75	12.00	City Clerk
7.50	5.50	3.00	-	-	Administrative Services
1.00	1.00	1.00	-	-	Redevelopment/Housing
34.00	32.50	29.50	23.25	24.60	All other
29.00	27.00	25.00	19.00	22.00	Total General Government
97.00	98.00	93.50	77.25	77.50	Public Works
52.00	52.00	43.00	37.50	37.00	Public Safety:
149.00	150.00	136.50	114.75	114.50	Police
14.50	14.50	13.50	8.50	8.50	Fire
-	-	-	1.25	1.50	Total Public Safety
226.50	224.00	204.50	166.75	171.10	Community Development
					Successor Agency to the RDA
					<b>Total</b>

### 2014 Full-Time City Employees by Function



## Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Public Works</b>					
Streets maintained (miles)	Note 1	Note 1	122	154	154
<b>Public Safety</b>					
Police:					
Physical arrests	1,727	1,729	1,867	1,863	1,429
Parking violations	848	1,039	1,060	2,492	1,761
Traffic violations	10,500	8,868	5,838	4,400	4,916
Code complaints (Note 2)	-	-	-	-	-
Property/vehicle abatements (Note 2)	-	-	-	-	-
Notices/citations issued (Note 2)	-	-	-	-	-
Fire:					
Number of 9-1-1 calls answered (Note 2)	4,927	4,546	4,620	4,728	4,144
Code complaints (Note 2)	6,824	5,483	3,997	2,470	2,269
Property/vehicle abatements (Note 2)	370	180	175	113	308
Notices/citations issued (Note 2)	2,284	1,536	1,354	2,075	3,168
<b>Community Development</b>					
Building permits issued	2,204	2,241	1,466	1,679	1,082

### Notes to Schedule:

**Note 1:** Information for the year is not available.

**Note 2:** Statistics are for the calendar year end, not fiscal year end.

**Note 3:** In October 2011, the Code Enforcement Division was reorganized and subsequently placed under the supervision of the Police Department. Effective July 1, 2014, the Code Enforcement Division will be placed under the supervision of the Community Development Department.

**Source:** City of Cathedral City (various departments)

Fiscal Year					
2010	2011	2012	2013	2014	
154	154	154	154	154	<b>Public Works</b> Streets maintained (miles)
					<b>Public Safety</b>
					Police:
1,447	1,263	1,189	1,099	1,216	Physical arrests
929	943	1,002	1,519	1,821	Parking violations
3,225	2,354	4,085	4,264	3,292	Traffic violations
-	-	1,761	2,047	Note 2	Code complaints (Note 2)
-	-	226	211	Note 2	Property/vehicle abatements (Note 2)
-	-	950	813	Note 2	Notices/citations issued (Note 2)
					Fire:
4,140	4,736	4,818	4,897	Note 2	Number of 9-1-1 calls answered (Note 2)
1,471	1,036	-	-	-	Code complaints (Note 2)
66	49	-	-	-	Property/vehicle abatements (Note 2)
1,028	479	-	-	-	Notices/citations issued (Note 2)
					<b>Community Development</b>
1,414	1,283	1,745	1,364	1,662	Building permits issued

## Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Public Works</b>					
Streets (center lane miles)	NA	NA	122	154	154
Streetlights	1,136	1,144	1,161	1,161	1,161
Traffic signs	4,283	4,283	4,283	4,283	4,283
Traffic signals	46	46	46	46	46
<b>Public Safety</b>					
Police:					
Stations	1	1	1	1	1
Patrol units	65	78	83	82	83
Fire stations	3	3	3	3	3
<b>Culture and Recreation</b>					
Parks	7	7	7	9	9
Parks acreage	24	24	24	42	42
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

**Source:** City of Cathedral City (various departments)

Fiscal Year					
2010	2011	2012	2013	2014	
					<b>Public Works</b>
154	154	154	154	154	Streets (center lane miles)
1,181	1,184	1,184	1,184	1,184	Streetlights
4,283	4,283	4,308	4,308	4,308	Traffic signs
48	49	49	49	49	Traffic signals
					<b>Public Safety</b>
					Police:
1	1	1	1	1	Stations
80	76	73	64	64	Patrol units
3	3	3	3	3	Fire stations
					<b>Culture and Recreation</b>
9	9	9	9	9	Parks
42	42	42	42	42	Parks acreage
1	1	1	1	1	Community centers
1	1	1	1	1	Libraries



**Cathedral City**

## FINANCE DEPARTMENT

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